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Fire Insurance Practices and Economies on Public School Buildings of Curry County, New Mexico

James McDonald Bickley

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FIRE INSURANCE PRACTICES AND ECONOMIES ON PUBLIC SCHOOL BUILDINGS OF CURRY COUNTY, NEW MEXICO

By

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CHAPTER I

INTRODUCTION

Purpose of the Study

The writer selected for investigation the subject of fire insurance in Curry County on account of certain experiences which he had in 1931 in adjusting the insurance on the public school buildings of Clovis, New Mexico, a municipality situated in this county. Through the co-operative efforts of the administrative authorities of the municipality and Durwood Jones, a local insurance agent, the coverage was reduced from $220,000 to $163,040, the amount now carried. By reducing the coverage, changing the form of the policy, and transferring from a one-year to a three-year term policy, an annual saving of $1,861 was effected. The annual premium was reduced from $2,534 to $673.

The amount of coverage previous to 1931 was approximately the same as the original cost of the buildings. During the last three years the amount of insurance has been based on a rough estimate of the sound net insurable

value of the buildings as made by the school administrative authorities, assisted, without compensation, by local contractors.

This experience led the writer to wonder whether conditions in Clovis were exceptional or representative of conditions in the county as a whole. Accordingly, he set about the task of studying insurance on school buildings in Curry County, seeking to find answers to certain questions pertaining to practices and possible economies, namely:

1. What are present practices in Curry County with reference to insurance on public school buildings, and, especially, to what extent is the sound net insurable value taken into consideration when determining the amount of insurance to be carried?

2. What are the relative merits of flat rate insurance and coinsurance, the two forms of insurance now in use on Curry County school buildings?

3. By what defensible methods can insurance rates on public school buildings of Curry County be reduced?

Importance of the Subject

The possibilities for economy, described in the preceding section, make the topic of fire insurance on school buildings one of considerable importance. If fire insurance premiums in Clovis can be reduced approximately two-thirds, without apparent reduction in financial protection, it is

evident that a study designed to check the insurance situation and to investigate conditions elsewhere in the county is highly worth while.

The question of insurance is of importance, moreover, from an educational and social point of view. School buildings are public property, and the taxpayers and school patrons have a right to expect that their property has been adequately and properly insured by those elected or employed to represent them. Seldom does the public criticize school officials for the small amount expended for insurance, but when a fire occurs, it severely condemns them if sufficient insurance has not been placed on the buildings. Insufficient coverage, in addition to subjecting school authorities to just criticism, puts the district to unwarranted expense and pupils to unnecessary disadvantages.

Delimitations

This study is built upon property classification and basis rates in their present form. The questions of whether or not school buildings should be graded in a class by themselves and whether or not the basis rates are just and equitable have not been considered.

Insurance policies, forms, and clauses now employed in this territory, and buildings actually insured at present, are taken into consideration. Some attention is devoted to fire insurance as it applies to buildings likely to be con-

structed in the near future.

Only six public school buildings of Curry County are taken into consideration in the calculations. These are the only buildings on which adequate data and replacement costs could be obtained. There is no reason to believe that they are not representative of conditions in the county as a whole.

Only practices of stock insurance companies are considered herein, since all the policies issued to the four school units considered in this study are in companies of this class.

Definition of Terms

The following terms are used in this study in the sense set forth in this subsection:

Sound net insurable value:

The value which should be placed on property for the purposes of determining the amount for which it should be insured. It should be that value which would cover all actual losses in case of destruction, as measured by the amount that could be recovered by the insured under the terms of his fire insurance policy provided it were insured for its full value.

Insurance rate:

The amount of money paid by an insured for one hundred dollars worth of insurance for a period of one year.

Basis rate:

An insurance rate fixed by rating bureaus on a normal building of a particular class.

Specific rate:

An insurance rate applied to a specific piece of property. It is the amount of the basis rate plus debits for structural features and safety devices.

Term rate:

The rate charged for insurance purchased for a period longer than one year.

Flat rate:

The insurance rate applied to property not insured under the coinsurance clause.

Make-up sheets:

The sheets of a survey report showing size, type of construction, structural details or features, specific hazards, and protective devices of a building or buildings.

Exclusions:

Parts of a building and equipment specifically designated in a fire insurance policy which are not to be included in the gross value of the property insured.

Coinsurance:

"Coinsurance is that form of insurance under which the owner agrees to become a coloser in the event of a fire resulting in a loss in excess of the amount of insurance carried when based upon full replacement value of the

property insured." Under this form of insurance the insured becomes a coinsurer of his own property, and for a reduced premium agrees to carry a certain amount of the insurance. If the amount of coverage agreed upon is carried, he receives full indemnity for losses up to the amount of coverage and bears all above that amount. If only part of the coverage agreed upon is carried, he then receives indemnity for that proportion of the loss up to the agreed amount of coverage that the coverage carried bears to the amount agreed to be carried.

Fire insurance forms:

Those endorsements of a descriptive character made on a standard fire policy for the purpose of supplying certain information.

Fire insurance clauses:

Those endorsements of a permissive or restrictive character made on a standard insurance policy in order to alter some portion of the policy.

Stock insurance company:

An insurance company whose capital is divided into shares, and which pays the profits to those who own the stock. The company is required to set aside a certain portion of all premiums as a reserve fund, and must have at all times net assets equal to or exceeding the amount of its reserve and all other liabilities.

Sources of Data

The data used in this study were obtained from the following sources:

1. Insurance policies now in effect on school buildings of the four political school divisions of Curry County.

2. Make-up sheets and rate schedules as applied to different forms which might be used with the present policies, as obtained from the Mountain States Inspection Bureau, Denver, Colorado.

3. Personal survey of fire insurance conditions in the county.

Background

Before proceeding with the investigation proper, a few facts about the locality and school systems to be studied might prove of some advantage to readers. Curry County is situated in the eastern part of New Mexico along the Texas-New Mexico Border. The county is mainly an agricultural area, with a population in 1930 of 15,809. It is divided into four educational units: the county rural school districts and three municipal independent districts. The latter districts are Clovis, Melrose, and Texico.

The county rural schools are under the supervision of an appointed county board of education and an elected county school superintendent. Each of the municipal districts is governed by an elected board of education, and is under the

supervision of a city school superintendent appointed by the board.

Insurance for public schools in the county is taken care of by the following officers: rural schools, by the county superintendent; Texico, by the clerk of the municipal board of education; Melrose, by the municipal board of education as a whole; and Clovis, for the past four years, by the municipal board of education, assisted by the superintendent. Incidentally, there has been no system worked out in the county for handling insurance co-operatively among the units, and necessarily no continuity of policy from one administration to another. This situation is not unusual, as it is common practice among school officials everywhere to give relatively little attention to school insurance. School authorities, both board members and superintendents, hold their positions, as a rule, for a limited time. New officials have many problems coming before them that they must take care of immediately after they assume office, and generally when insurance policies expire, they have them renewed for the same length of time, and under the same type of policy, without any investigation as to whether this course is justified.

In 1934-35 the enrollment in the schools in the county was 4,353, and the average daily attendance, 3,510. The total value of the public school buildings was estimated to be $413,500. The total insurance carried was $333,500.

Review of Related Studies

The National Association of Public School Business Officials, in a study of 380 school districts,[1] discovered conditions in many states similar to those extant in Curry County. Not only did they find a wide range in the percentage of coverage, but they found twelve cities carrying a higher percentage of coverage on fire-resistive buildings than on buildings of ordinary construction.

A study of public school fire insurance in general, considering economy in insurance as almost synonymous with safety for the children who attend schools, was made by Smith.[2] Eight cities in the state of New Jersey were selected for detailed study, placing primary emphasis on insurance rates and advantages of self insurance and state insurance.

Stone and Stecher have investigated fire insurance from the point of view of fire prevention.[3] They maintain that the best fire insurance is fire prevention; that fire fighting units in most of our municipalities have reached their "marginal utility;" that in the future, reductions in fire losses will not be brought about by the purchase and mainte-

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[1]National Association of Public School Business Officials. Insurance Practices and Experience of City School Districts. Bulletin No. 2. Trenton: National Association of Public School Business Officials, 1932, 320 pp.

[2]Smith, Harvey A. Economy in Public School Fire Insurance. Contributions to Education, No. 428. New York: Teachers College, Columbia University, 1930, 113 pp.

[3]Stone, Harold A., and Stecher, Gilbert E. Organization and Operation of a Municipal Bureau of Fire Prevention. Syracuse: School of Citizenship and Public Affairs, Syracuse University, 1927, 149 pp.

nance of more efficient fire fighting units, but by fire prevention. Three elements are considered as entering into the solution of fire prevention: education, persuasion, and enforcement. Their study is related to the present investigation in only one aspect, namely fire prevention, as it does not take into consideration fire insurance rates, kinds of policies, amounts of insurance carried, and so on.

Procedure

The procedure employed in this study may be divided into three steps. A brief description of each step follows:

1. The fire insurance policies on six of the school buildings in Curry County in 1931 and in 1935 were analyzed to determine the kinds of policies and amounts carried on each of the buildings. The assistance of a competent contractor was secured and detailed estimates as to replacement costs of the buildings were made. With this information, a comparison was made of the results which would obtain should a partial or total fire loss occur.

2. The advantages and disadvantages of the two fire insurance forms, flat rate insurance and coinsurance, which are used in the policies on the different school buildings of the county were outlined and a comparison of results obtained under different conditions by the use of these forms.

3. Make-up sheets of certain school buildings of the county were analyzed, showing savings which could be had by

making specific corrections as indicated on the make-up sheets. Other ways to reduce insurance cost were pointed out, and safety methods to be used to limit fire hazards and thereby reduce fire losses were suggested. These were based on the recommendations of certain writers and insurance agencies and on the writer's experiences.

CHAPTER II

INSURANCE PRACTICES IN CURRY COUNTY

Introduction

In buying protection against fire losses the business principles applicable to purchases in general should be followed. If a building is to be insured, sound business practices make it advisable that answers to the following three questions be determined before actually having the insurance written: First, what property is to be considered as a part of the building, according to the building clause of the particular policy, and what is to be considered as contents, according to the content clause of the policy? Second, what is the sound net insurable value of the building? Third, what is the percentage of coverage to be carried?

The purpose of this chapter is to point out the importance of answering these questions before taking out insurance and to indicate the extent that school authorities of Curry County take them into consideration when insuring school buildings.

Building and Content Clauses

The building and content clauses in fire insurance policies vary as to the items included in them. For example,

in the policy form used by the Clovis Public Schools[1], the building clause does not include the following items: excavations and fillings, architect's fees, underground flues, pipes, ducts, drains, sewers, trenches and footings, and brick, stone, and concrete foundations below the underground surface of the lower basement floor, or, if there is no basement, then below the surface of the ground under the foundation walls of the building. It was the purpose of the Clovis school board, when it had its forms prepared, to exclude all items which in case of fire would not likely be destroyed. In large buildings these items represent a considerable percentage of the value of the building, and by excluding them the amount of insurance to be carried will be appreciably lessened.

The policy form used by Texico, Melrose, and the county schools[2] includes all the items mentioned heretofore as having been excluded by the Clovis policy. On the other hand, the building clause of the Clovis policy includes many items which are not included in the building clause of the policy used by the other schools of the county. Such items as tables, clocks, bells, lockers, window shades, benches, sweeping machines, vaults, safes, and all property belonging to the school within one hundred feet of the building have been included.

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[1]This is a special form prepared for the Clovis schools. It includes the eighty per cent coinsurance clause.

[2]Form No. 123 S (Edition December, 1934).

These items were included for two reasons. First, since rates are lower on buildings than on contents, a saving was effected by including as many content items in the building clause as was possible. Second, since an itemized account of all articles included in the content clause should be kept at all times, placing many of these articles in the building clause makes the task of keeping an up-to-date record of the contents less difficult.

The comparison indicates the possibilities of many differences in building and content clauses. Hence, the importance to the insured of knowing what he has insured. In case of loss by fire, this information becomes of much importance, since all policies require that the insured shall give immediate notice in writing to the insurance company of the loss sustained. He must furnish a complete inventory of the destroyed, damaged, and undamaged property, stating the quantity and actual cash value of each article and the amount claimed thereon. All fire insurance policies contain the additional clause that in case of loss the company shall not be liable beyond the actual cash value of the property covered by the policy. By loss or damage is meant the actual value of the property at the time of the fire and not at the time the building was erected or at the time the insurance was purchased. In other words, when a fire occurs, the insured must prove his loss, and the proof furnished must be in accordance with the specifications and regulations

set forth in the policy. Obviously, it is important that the insured know the terms of his fire insurance policy, as it is a contract and, as such, contains provisions which are binding on both the insurer and the insured.

The Sound Net Insurable Value

After the terms of the policy, with respect to what is included in the building clause, are understood, an efficient architect or contractor, or both, should be selected and requested to submit in writing an itemized statement of the following as they pertain to the buildings which are to be insured. From this information the value of the property and the sound net insurable value can be determined.

1. Replacement: cost of a new building according to plans and specifications of the old building.

2. Depreciation: loss of value as a result of (a) wear and tear and (b) obsolescence.

3. Exclusions: value of those parts of a building which are not included in the building clause, such as excavations, foundations, footings, and architect's fees.

Since fire losses, whether partial or total, are settled upon the actual cash value at the time of the fire, it is extremely important to have dependable estimates of what the value of the property is at various times. In order to have

this information at the time of a loss, appraisals should be made periodically, as replacement costs are constantly changing. Little attention has been paid by school authorities of Curry County to the matter of sound net insurable value. At least, no systematic attempt has been made to determine what this value is on each of the several school buildings in the county.

Determination of Percentage of Coverage

When the terms of the fire insurance policy to be used are understood, and the sound net insurable value has been determined, the next step is to decide upon the amount of coverage to be carried. There is much greater likelihood of a total fire loss in case of a frame building, with shingle roof, situated in a district without adequate fire protection, than with a fireproof or fire resistive building in an area with adequate protection.

On account of varying conditions, it would seem wise for school authorities to consider the advisability of taking out different percentages of coverage on different types of buildings. A Division of the National Underwriters Association estimates that among 50,000 buildings a thousand fires will occur in the course of a year, and that the percentages of losses will be distributed as follows:[1]

[1]West, John C. "School Property Appraisals for Insurance Purposes," American School Board Journal, Vol. 88, June, 1934, pp. 32-65.

Between 0 and 10 per cent	751
Between 10 and 20 per cent	107
Between 20 and 30 per cent	47
Between 30 and 40 per cent	30
Between 40 and 50 per cent	20
Between 50 and 60 per cent	16
Between 60 and 70 per cent	12
Between 70 and 80 per cent	9
Between 80 and 90 per cent	5
Between 90 and 100 per cent	3
	1,000

Facts by the National Association of Public School Business Officials[1] reveal that 380 cities scattered over the United States and the Dominion of Canada, ranging in population from 3,075 to 1,233,561, vary in the amount of coverage carried on school buildings. The coverage ranges from less than 10 per cent to 110 per cent of the sound net insurable value. There is no evident reason why insurance in excess of one hundred per cent of the sound net insurable value is carried.

Conditions such as these indicate that the methods used in determining the amount of fire insurance to be carried on public school buildings are not accurate. The results of such methods are two: (1) either not enough insurance is carried and, when a loss occurs, the district must sustain an unnecessary loss; or (2) too much insurance is carried and, therefore, year by year the district is put to unnecessary expense for premiums.

[1]National Association of Public School Business Officials. Insurance Practices and Experience of City School Districts. Bulletin No. 2. Trenton: National Association of Public School Business Officials, 1932, pp. 22-47.

The present sound net insurable value of the buildings included in this study was secured by obtaining the services of a contractor and architect and furnishing them with the blue prints, plans, and specifications of each of the buildings. The buildings under consideration were built over a period of time ranging from four to twenty years. To find these blue prints, plans, and specifications required extensive search. In some instances the originals were never found. From the blue prints, the contractor and architect were able to determine accurately the present replacement values. Perhaps no two persons will agree exactly as to the amount to be deducted for depreciation, for this is largely a matter of judgment, yet the combined judgments represent a consensus sufficiently accurate for practical purposes. The exclusions were accepted as stipulated in the fire insurance policies.

The method used by the contractor and architect in arriving at the sound net insurable value of these six buildings is illustrated in Appendix A, a detailed estimate of the sound net insurable value of Clovis high school. Two per cent a year for the life of the building was allowed for depreciation. Incidentally, the federal government allows from 2 to 3 1/3 per cent, depending upon the general upkeep of the building.

Table I indicates the amount of fire insurance carried on six of the largest school buildings in Curry County pre-

TABLE I

COMPARISON OF INSURANCE COVERAGE ON SIX CURRY COUNTY SCHOOL BUILDINGS IN 1936 WITH THAT PRIOR TO 1931 AND WITH AMOUNT THAT SHOULD BE CARRIED

Unit	Name of School	Coverage Prior to 1931	Coverage in 1936	Sound Net Insurable Value	Coverage Recommended[1]	Amount Over-insured or Under-insured[2]
CITY	Clovis:					
	High School	$110,000	$ 61,200	$ 58,787	$ 47,029	$14,171
	Gymnasium	17,600	17,600	18,966	15,172	2,428
	Eugene Field	70,000	54,000	38,095	30,476	23,524
	La Casita	40,000	30,240	29,181	23,344	6,896
	Total	$237,600	$163,040	$145,029	$116,021	$47,019
RURAL	Center	$ 18,500	$ 16,000	$ 13,627	$ 10,901	$ 5,199
	Field	20,000	20,000	26,512	21,209	-1,209
	Total	$ 38,500	$ 36,000	$ 40,139	$ 32,110	$ 3,990
GRAND TOTAL		$276,100	$199,040	$185,168	$148,131	$51,009

[1]Based on the recommendation that property should be insured at eighty per cent of its sound net insurable value.

[2]Positive numbers indicate overinsurance and negative, underinsurance.

vious to 1931, the amount carried at the present, and the amount which should be carried as indicated by the estimates furnished by the contractor and architect.

All the Clovis buildings are overinsured, the aggregate overinsurance being $47,019, or approximately forty-five per cent more than should be carried. Of the two rural buildings, one is overinsured and one underinsured. The two considered together are overinsured about twelve per cent. All six buildings are overinsured about thirty-five per cent.

Prior to 1931, and at the present, the school buildings of the rural districts were supposed to be insured on a basis of one hundred per cent of their sound net insurable value. The school buildings of the Clovis district are supposed to be insured on a basis of eighty per cent of their sound net insurable value. The total amount of insurance, as shown in Table I, carried on the four school buildings in Clovis prior to 1931 was equal to the original cost of the buildings.

It appears that in determining the amount of insurance the school authorities made no allowance for depreciation, although the buildings were from four to twenty years old. They placed insurance on the buildings equal to the total cost of the buildings, rather than for eighty per cent of their sound net insurable value, as should have been done under the terms of the policy. Moreover, in computing the total cost of the buildings a number of items were included, which, according to the terms of the policies, were to be excluded.

Failure of the school authorities to consider these three items, depreciation, eighty per cent clause, and exclusion clause, may explain why prior to 1931 the insurance carried on the four school buildings in Clovis was $121,579 in excess of the sound net insurable value. The present overinsurance is probably explained by the fact that heretofore no sufficiently accurate study was made of what the sound net insurable value of the buildings is.

Table I further indicates that the total amount of insurance carried on the two rural school buildings prior to 1931 was $1,639 less than the sound net insurable value at the present time.[1] This may be accounted for by the possibility that the original cost of materials and labor was less than present replacement costs.

Summary

It is easy either to overinsure or to underinsure a building, and unless from time to time the sound net insurable value is determined the proper amount of insurance is not likely to be carried. There are certain important items to consider in determining the sound net insurable value of a building, most important of which are: (1) the amount of depreciation; (2) the percentage of the value of

[1]Some might question the soundness of making comparisons of insurance carried in 1931 and that carried in 1936 on the same buildings. This is done on the assumption that increases in labor and materials will approximately offset the depreciation on the buildings.

the building insured, as stipulated in the policy; (3) the items enumerated in the exclusion clause; and (4) the variation from time to time of the cost of materials and labor.

There is no uniformity of procedure among school authorities of Curry County in placing fire insurance on school buildings. Proper attention has not been paid to the matter of determining what part of the buildings and their contents should be insured, except in the Clovis district in recent years. No attempt has been made to determine what the sound net insurable value of the buildings is, and improper consideration has been given to the matter of the percentage of coverage. Consequently, the proper amount of insurance has not been carried on the school buildings of this county. Although considerable improvement has been made since 1931 in getting the proper amount of coverage, school buildings in the county are still overinsured.

CHAPTER III

RELATIVE MERITS OF INSURANCE FORMS USED BY SCHOOLS OF CURRY COUNTY

Coinsurance and Flat Rate Insurance

Coinsurance has come into use only in recent years. The public, after learning from experience that most losses from fire were only partial, began to reduce gradually the amount of coverage. To encourage an increase in coverage, insurance companies offered the coinsurance clause as an inducement. The coinsurance clause provides that the amount of coverage carried must equal a certain stipulated percentage of the sound net insurable value of the property insured. In consideration of the insured's carrying a larger coverage, a reduction in rates is granted. The greater the percentage of coverage carried, the greater the reduction in rates.

The three states, New Mexico, Arizona, and Colorado, which comprise the Mountain States territory, have adopted and are now using the standard New York, 200-line form, fire insurance policy. The coinsurance clause which may be used with this policy reads as follows:

"In consideration of the rate and/or form under which this policy is written, it is expressly stipulated and made

a condition of this contract that the insured shall at all times maintain contributing insurance on each item of property insured by this policy to the extent of at least _____ per cent of the actual cash value at the time of the loss, and that, failing to do so, the insured shall, to the extent of such deficit, bear his, her, or their proportion of any loss."

In general, coinsurance is cheaper than flat rate insurance. That is, cost of a certain amount of insurance is less for coinsurance than for flat rate insurance. Or with the same premium paid for flat rate insurance, a larger amount of coverage of the coinsurance type may be purchased. However, coinsurance may prove to be costly if the sound net insurable value of the property is underestimated, and the proper amount of coverage is not carried.

Comparison of Coinsurance and Flat Rate Insurance on School Buildings of Curry County

Table II compares coinsurance rates and premiums with those under flat rate insurance on four Clovis school buildings. As the table shows, the insurance premium on a coverage of $163,040 for one year with a three-year term eighty per cent coinsurance clause is $383.80 less than the premium on the same amount of coverage with a one-year flat rate basis.

Table II also illustrates the amount of coverage that could be purchased if the present premiums for coinsurance on an eighty per cent basis, for a term of three years, were used to purchase coinsurance for a term of one year and for

flat rate insurance and three-year term insurance. The Clovis school board, by using three-year term eighty per cent coinsurance, is carrying approximately sixty per cent

TABLE II

COMPARISON OF RATES, PREMIUMS, AND COVERAGES OF FLAT RATE INSURANCE, TERM INSURANCE, AND CO-INSURANCE ON CLOVIS SCHOOL BUILDINGS

Term of Insurance	Rate Per $100 of Insurance	Annual Premium Cost for $163,040 Coverage[1]	Amount of Coverage Purchasable With Present Annual Premium ($640.09)
One-year flat	.628	$1,023.89	$101,925
Three-year term flat	1.57	853.24	122,310
One-year eighty per cent coinsurance	.471	767.91	135,881
Three-year eighty per cent coinsurance	1.178	640.09	163,040

[1]The amount of insurance now carried on the Clovis school buildings.

more coverage than it could carry with the same amount of insurance premiums with one-year flat rate insurance.

Table III illustrates the benefits that the Clovis schools would derive from the use of the eighty per cent co-insurance clause, provided the sound net insurable value of the buildings was known, and provided further that the

TABLE III

COMPARISON OF POSSIBLE RESULTS TO THE CLOVIS SCHOOLS IN CASE OF TOTAL OR PARTIAL LOSS SHOULD THEY CARRY ONE HUNDRED, EIGHTY, OR FIFTY PER CENT INSURANCE WITH AN EIGHTY PER CENT COINSURANCE POLICY

Sound Net Insurable Value	Eighty Per Cent of Sound Net Insurable Value	Insurance Carried	Loss by Fire[1]	Insurance Collectible	Loss to Schools
$203,800	$163,040	100% of value $203,800	$203,800	$203,800	$ 0
			163,040	163,040	0
			101,900	101,900	0
203,800	163,040	80% of value 163,040	203,800	163,040	40,885
			163,040	163,040	0
			101,900	101,900	0
203,800	163,040	50% of value 101,900	203,800	101,900	101,900
			163,040	101,900	61,140
			101,900	71,330	30,570

[1]The three figures under each division are arbitrarily taken; they represent total loss, eighty per cent loss, and fifty per cent loss.

coverage was equal to, or greater than, the eighty per cent requirement stipulated in the clause. This table illustrates the danger of using coinsurance when the sound net insurable value is not known, or when the coverage is less than the percentage required by the coinsurance clause.

As mentioned in Chapter II of this study, only a small percentage of fires cause a loss in excess of eighty per cent of the value of the property. In other words, adequate protection is had if coinsurance for eighty per cent of the sound net insurable value of the property is carried. However, unless the full eighty per cent coverage is carried under a policy of this type, a loss will be suffered in case of fire, even though the loss be partial, as the insured agrees to bear that proportion of all losses which the shortage in coverage bears to the amount of coverage that should be carried. As Table III shows, a loss of $101,900 would have to be borne by the schools if there was a total loss to a piece of property valued at $203,800, insured at eighty per cent of its value, or for $163,040, and the insured actually carried a coverage of $101,900 instead of the full eighty per cent value. Under the same conditions, the loss to the schools would be $61,140 if the property was damaged to the extent of eighty per cent of its value, and $30,570 if damaged fifty per cent of its value.

In this territory, either the seventy, eighty, or ninety per cent coinsurance clause may be used. Should a loss occur

within one year, when term insurance is used, the insured has to bear the loss of excess premium paid for the additional time. Therefore, if the insured knew his loss would occur in less than one year's time, it would be more economical to use the flat rate basis.

Should the coverage be more than the percentage required in the coinsurance clause, the only loss to the insured would be the excess amount of premiums paid. The coverage in excess of the percentage required, in case of loss, may be collected up to the full sound net insurable value of the property at the time of the loss.

The one outstanding danger of the coinsurance clause is the possibility that the insured may not know the sound net insurable value of his property and, therefore, fail to carry the amount of coverage required in the coinsurance clause of his policy.

Incidentally, it is not sufficient for the insured to look at the outside cover of a fire insurance policy to learn the amount of coverage, the amount of premium charged, and the date the premium is due, and then to pay the bill. In so far as fire insurance policies are concerned, this is, perhaps, too often all that school officials do. In addition to the two hundred lines contained in every policy in this territory setting forth specific details of the contract, there are clauses and forms attached which are also definite parts of the contract. All of these should be examined. The

contents of these clauses and forms, together with the stipulations set forth in the two hundred lines, may make the terms of a contract greatly different from what it may appear to be from the printed matter on the outside cover of the policy.

Summary

Since coinsurance is cheaper than flat rate insurance, it is recommended for insuring school buildings. With it adequate protection can be supplied for smaller premiums than for flat rate insurance, or a larger coverage can be carried for an equal amount of premium. The one danger to be guarded against is the carrying of a smaller amount of coverage than is stipulated in the policy. In such case the insured is required to bear a proportionate share of all losses.

Term insurance is cheaper than one year coinsurance. It has the slight disadvantage, however, that in case of damage the amount of premium lost on a term policy is greater than the amount lost on a one-year policy, since no part of the premium is returned to the insured in such circumstances.

Considerable saving can be, in fact is being, effected in Curry County by having all the eligible schools carry coinsurance, on an eighty per cent basis, rather than flat rate insurance. The Clovis schools effect an annual saving of $383.80 by having its policies contain the coinsurance, eighty per cent clause, instead of flat rate insurance for

a term of one year. The saving would make it possible to increase the coverage about sixty per cent over that coverage which could be purchased on the flat rate one-year term basis.

Melrose, the only other school in the county that is eligible for coinsurance, carries flat rate insurance.

CHAPTER IV

SAFETY MEASURES AND FIRE INSURANCE ECONOMY IN CURRY COUNTY SCHOOLS

Introduction

Stone and Stecher, in their study of fire prevention, found that the total fire loss in the United States in 1880 was $74,640,000 or a per capita loss of $1.49; in 1925 the loss was $456,100,000, or a per capita loss of $4.00. They concluded that of these losses approximately one-half was due to carelessness.[1] It is not known what part of the losses was school building fire losses, as the authors do not give separate data for schools, and fire insurance company records do not show school building losses separate from other building losses. However, it is reasonable to suppose that no better care is taken of public property than of private property, and that the loss is at least as high on the former class of property as on the latter.

To insure against this enormous fire loss requires a large outlay in annual premiums. Since the amount of premiums is determined by the rates, and the rates are based upon

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[1]Stone, Harold A. and Stecher, Gilbert E. Organization and Operation of a Municipal Bureau of Fire Prevention. Syracuse: School of Citizenship and Public Affairs, 1927, 145 pp.

hazards, the greater the number and degree of hazards, the higher the annual premiums must be to purchase adequate protection.

There are many methods of reducing fires and fire hazards, and, incidentally, of reducing fire insurance rates. The purpose of this chapter is to point out the most important of these and to indicate what has been done to effect these economies.

Methods of Fire Insurance Economy

In the paragraphs which follow are listed and discussed the ways of preventing fires, reducing fire hazards, and effecting economies in fire insurance that might be practiced or employed to advantage in the schools of Curry County. Examples to illustrate the operation and advantages of these several methods are given, in some instances, from the author's experiences in the Clovis schools.

1. Classroom instruction. Fire prevention lessons in all classrooms in connection with safety programs will develop a consciousness of the value of fire prevention and do much to prevent fires and to minimize the damage that they can cause. The slogan, "Safety First," may well be adopted by the public schools in the campaign to reduce fire hazards. The need for this work has become so important that many states now have regulations requiring instruction in fire prevention.[1]

[1] Ibid., p. 31.

2. School building inspections. Frequent inspections of school buildings by school officials, assisted by someone from the outside, preferably a city engineer or a fire chief, should be made. In the rural schools, if it is impossible to obtain the assistance of one of these officials, the county superintendent, a member of the school board, or a representative of some safety organization should be asked to give assistance.

In Appendix B is a copy of the fire inspection report used by the Clovis schools. To get the proper benefit from a report of this type, an inspection should be made once a month while school is in session, or at least twice a year--once at the opening of school and once just before the Christmas holidays. The report compiled as a result of these inspections should be given to the superintendent and, at the next regular school board meeting, presented to the board. Similar inspection sheets should be made for the use of pupils. Each pupil should be requested to inspect his home during fire prevention week. These reports should be submitted to the fire chief, or to the superintendent of schools.

3. Basis rate. The basis rate, which as a rule is checked every five years, for all property in each city or district in the United States is determined by carefully devised rating schedules. Properties are divided into ten classes.

For fire insurance purposes, cities of the United States of 20,000 or more population are graded by the National Board of Fire Underwriters into ten classes according to their degree of protection. Smaller cities are graded by rating bureaus maintained by the insurance companies. The grading of a city involves a study of the following subjects, the value of which totals 5,000 points:

Water Supply	1,700
Fire Department	1,500
Fire Alarm	550
Police	50
Building Laws	200
Hazards	300
Structural Conditions	700
	5,000

The points assigned to each subject are called "points of deficiency." A town with an unsatisfactory fire department, for instance, would be charged with from one to fifteen hundred points of deficiency, depending upon the actual condition of its fire-fighting facilities. The total number of points of deficiency assigned to a city determines its classification....The fire insurance rates are lowest for cities in Class 1 and increase for each class thereafter.[1]

In this study no attempt has been made to determine the ways and means by which school authorities could reduce basis rates. To give such information would be a big undertaking in itself. However, any school official will realize at a glance that with the united effort of the people of any city the basis rate could be reduced.

4. Make-up sheets. On all old buildings on which insurance is being carried, a make-up sheet should be requested from the official rating bureau for the territory. This

[1]Lockwood and Green, Engineers, Inc. Facts About Fire Insurance. New York: Lockwood and Green, Engineers, Inc., 1930, p. 12.

sheet may be had for the asking and without any cost to the insured. The make-up sheet shows the basis rate and specifically designates debits and credits which go to make up the specific rate. Make-up sheets in Appendix C, Appendix D, and Appendix E for the Melrose high school, Texico gymnasium, and Clovis high school, respectively, are illustrative.

After the make-up sheet for the Clovis high school was received, the following changes were made and rate deductions received:

1. Sheet iron was placed under the two kerosene stoves. Cost, $8. Reduction in rate, 10¢.

2. The 375-gallon gasoline tank was removed and gas was installed. Cost, $45. Reduction in rate, 63¢.

At the time these changes were made the coverage on the building was $110,000. These changes effected for the school district an annual saving in premiums of $803. Other credits could have been received with a small outlay for installing additional fire hose.

The insured should understand that the insurance company does not consider itself obligated to report to him why his rate is higher than the basis rate. The company accepts the report on the property as it is turned in, and, upon the basis rate, charges the insured for all hazards, and gives credit for all protective devices as they exist.

It is the insured's business to request the make-up sheet. From this sheet he will learn of the hazards that

are charged against that particular building, and the protective devices for which credit may be received. By eliminating the hazards indicated and equipping the building with the specified protective devices, he will be able to reduce the rates. Most of the hazards may be eliminated, and many of the protective devices may be supplied at comparatively little cost.

5. Plans and specifications for new buildings. Since the basis rate on new buildings is the foundation upon which all specific rates are built, the former should be taken into consideration when attempting to reduce the latter. More specifically, the specific rate is the basis rate plus debits for structural defects and specific hazards minus credits for structural conditions and safety devices.

When plans and specifications for a building have been completed by the architects, the basis rate for the building may be determined. These plans and specifications should be sent to the Insurance Inspection Bureau's engineers to be checked before the process of erection of the building is begun. The home office for this territory is in Denver, Colorado. This service may be had without cost and without incurring obligation to any particular insurance agent or company. Often these engineers are able to offer suggestions for minor changes which will add little to the cost of the building, if anything, but which will materially reduce the insurance rate. Shops for manual training, and a number of

other vocational training departments, if not properly situated, carry high penalty rates for the entire building. Reductions in rates are not for one year, but as a rule continue during the life of the building.

6. Determining the sound net insurable value. As previously mentioned, to know the sound net insurable value of any piece of property to be insured is important regardless of the percentage of coverage to be carried. To insure on a basis of less than the sound net insurable value would mean that in case of loss by fire the insured would, to the extent of such deficit, bear the loss; to insure on a basis of more than the sound net insurable value would mean paying premiums on an excess amount of insurance, for which excess nothing could be collected in case of loss by fire. Too much cannot be said as to the importance of the insured knowing the sound net insurable value of his property.

7. Applying the coinsurance clause. Insurance may be purchased on any grade of building under flat rate terms, while coinsurance may be had only on buildings in cities classed by the insurance companies as from one to eight. On account of this requirement, the coinsurance clause on school buildings in Curry County may be applied only on buildings in Melrose and Clovis. The buildings in other parts of the county lack proper protection to meet the requirements of classes one to eight.[1]

[1]Information suggestive of the basis of classification is presented on page 34.

The insurance companies, in consideration of the insured's applying the coinsurance clause, allow certain percentages of reductions in rates. These reductions vary in amounts according to the grade of the building to be insured. By applying the eighty per cent coinsurance clause, a reduction of approximately twenty-five per cent of the flat rate would be allowed on all brick school buildings in Melrose and Clovis, and ten per cent reduction on all others except one small frame building. The flat rate at the present time on the Melrose brick school building is $0.839 on each one hundred dollars. By using the eighty per cent coinsurance clause, the rate would be $0.644, or a saving of $0.195 on each one hundred dollars of insurance carried.

The amount of insurance on the four main school buildings in Clovis at the present time is $163,040. The district is using the eighty per cent coinsurance clause and is, therefore, estimating the sound net insurable value of these buildings at $203,800. Assuming that this coverage is equal to the sound net insurable value, should a partial loss be had for any amount up to $163,040, the full loss would be recoverable. Any loss above this amount would be borne by the district. In other words, with the eighty per cent coinsurance clause, the insurance companies bear the first eighty per cent of the loss, or any fraction thereof, and the district bears the last twenty per cent of the loss, or any fraction thereof.

8. Term insurance. In both flat rate and coinsurance, the following reductions may be had by the use of term insurance. The two-year rate equals $1\frac{3}{4}$ times the annual rate; the three-year rate equals $2\frac{1}{2}$ times the annual rate; the five-year rate equals four times the annual rate.

Most schools, because of limited budgets, find it difficult to change from a one-year to a five-year term policy, but it is relatively easy for them to change to a three-year term policy, paying one-third of the premium each year. This will require only a limited increase in budget the first year.

Following is an example to show the difference in cost of insurance on the Clovis school buildings by the use of three-year term eighty per cent coinsurance as compared to flat rate insurance, and a method by which such a program may be inaugurated.

At the beginning of the program, the insured should write one-third of the coverage, or $54,347, for three-year term eighty per cent coinsurance, premium $640.09; one-third of the coverage, or $54,347, for two-year eighty per cent coinsurance, premium $426.72; one-third of the coverage, or $54,347, for one-year eighty per cent coinsurance, premium, $213.36; total outlay at the beginning of the program, $1,280.18. At the beginning of the second year, he should write the expiring one-third of the coverage, or $54,347, for three-year term eighty per cent coinsurance, premium,

$640.09--total outlay for the second year and for each succeeding year. At the beginning of the third year, the remainder of the coverage, or $54,347, for three-year term coinsurance, premium $640.90, should be written. At the beginning of each succeeding year, one-third of the coverage for three years should be renewed.

The application of this program would reduce the annual premium from $1,023.89 to $640.09.

Summary

Clovis is the only school system in Curry County that is carrying on a systematic program for the reduction of fire hazards and for effecting economies in insurance rates. The most outstanding methods for realizing the objectives are listed below. All of these are being followed to some extent by the Clovis schools to advantage. They could be effectively employed by all the public schools in the county.

The following eight methods or plans are recommended as effective steps in a program of fire insurance economy.

1. Making school officials, teachers, and pupils fire-prevention conscious.

2. Giving special instruction to organized groups or classes.

3. Having periodical inspections made by officials and pupils.

4. Assisting city authorities in reducing the classification of the city for fire insurance purposes.

5. Securing and studying make-up sheets and effecting the suggested changes. Fire insurance rates are adjusted periodically and are determined by the number and degree of hazards found by the inspector. Considerable savings may be effected by removing these hazards.

6. Submitting plans and specifications for new buildings to the engineers of insurance inspection bureaus.

7. Employing contractors and architects to make a detailed estimate of property to determine the sound net insurable value of the property before renewing or taking out new insurance policies.

8. Using certain term and coinsurance clauses, and inaugurating a program which provides for a definite time to renew policies and an equitable distribution of policies to be renewed each year.

CHAPTER V

FINDINGS AND CONCLUSIONS

In the paragraphs which follow, the data presented in this study are summarized, and generalizations based upon these data are made. The material is divided into three divisions, each division relating to one of the three questions stated in the introductory chapter as constituting the purpose of the study.

I. Insurance Practices in Curry County.

Little serious attention or study seems to have been given by school authorities of Curry County to the matter of insurance on public school buildings. No systematic plan has been followed by the schools in the county to effect economies or prevent fires. The most progress has been made in Clovis, where in recent years a fire prevention program has been inaugurated and a campaign for preventing fire hazards has been started. As a result of these efforts, and those designed to bring about a closer relationship between the amount of insurance carried and the value of the buildings insured, along with the application of better business principles

to determining the type of insurance to be carried, considerable reduction in premiums has been effected.

A detailed study of practices in the county as to determining the sound net insurable value of buildings before placing insurance shows that at present there are two building clauses used in the policies employed in insuring school buildings in Curry County. Although the provisions set forth in these clauses make s substantial difference in the sound net insurable value of each building they are being neglected by some of the school authorities.

The form used by Clovis is superior to that used by the other schools in the county since it excludes items which should not constitute a part of the cost of the building in so far as the cost becomes an index of the sound net insurable value of the building.

The building clause used in the Clovis policy is a special form prepared for the public school buildings of Clovis. The purposes of this particular building clause are: (a) to eliminate all parts of the building which would not likely be destroyed should a fire occur; (b) to eliminate architects' fees; (c) to include in the building clause as many items as possible which may be considered as part of the building. The building clause used in the policy by Melrose, Texico, and the county rural schools is a regular form and includes

excavations, foundations, drains, sewers, and architects' fees, but does not include many items which might be considered as parts of the building, such as tables, lockers, bells, clocks, window shades, and other items not attached to the building.

Prior to 1931 school authorities of Curry County evidently did not take into consideration either the provisions of these building clauses or the question of depreciation, but carried an amount of insurance equivalent to the entire replacement value of the buildings.

The original cost of the six buildings for which detailed estimates have been made during this study was $237,600. The detailed estimates of these buildings, which estimates took into consideration the provisions of the building clause and depreciation is $145,029. The amount of insurance carried in 1931 was $92,571 more than the present sound net insurable value, or $92,571 more than could have been collected had a total fire loss occurred. At present the buildings are overinsured, both the buildings in Clovis and in the rural districts. The coverage for these six buildings is about seven per cent greater than the sound net insurable value and about thirty-five per cent greater than eighty per cent of the sound net insurable value.

II. Relative Merits of Types of Insurance Policies Used by Schools in Curry County.

Coinsurance is superior to flat rate insurance and should be used on buildings to which it is applicable. Likewise, insurance policies purchased for terms longer than one year are recommended, as they offer savings without any loss of protection or any serious disadvantage. The advantages of coinsurance for a longer term are illustrated by the fact that Clovis school authorities, by using the three-year eighty per cent coinsurance clause can carry the same amount of coverage for $640.09 that, under flat rate insurance, would cost $1,023.89, or, with the same amount of premium each year, they can increase the coverage about sixty per cent.

On the other hand, the Melrose municipal school district pays an annual premium of $268.70, flat rate insurance, on two of its buildings. By changing to three-year term eighty per cent coinsurance it could carry the same coverage at an annual cost of $164.58.

The schools of Texico and of the rural districts, on account of their classification, cannot use the coinsurance clause, but must use one year or term policies. A two-year term policy would reduce their annual cost one-eighth; a three-year, one-sixth; a five-year, one-fifth.

It is to be noted that the benefits from co-insurance mentioned above would become a reality only in case the amount of insurance carried was equivalent to eighty per cent of the actual sound net insurable value of the property at the time of the loss. There would be no saving, but an actual loss, should the amount of coverage carried be less than the percentage stated in the coinsurance clause of the sound net insurable value at the time of the loss.

III. Fire Prevention and Insurance Economy in Curry County.

At present no systematic campaign is carried on by the schools or school authorities of Curry County to prevent fires or to effect economies in fire insurance rates. In the last few years the Clovis schools have inaugurated a program to accomplish the purposes mentioned in the preceding sentence. Regular school programs, systematic inspections of plants, co-operation with city officials and civic organizations, analysis of rating bureau reports, efforts to remove fire hazards, and greater attention by school authorities to matters pertaining to fire insurance have done much to improve conditions and to effect insurance economies. What is being done in this municipality and school district could be done to a greater or lesser degree in all the school districts of the county. United effort of all

school authorities and citizens would bring beneficial results, economically, socially, and educationally. Much good could be accomplished in every community of the county if proper attention were given to the matters of concern in this study.

APPENDIXES

APPENDIX A

DETAILED ESTIMATE OF SOUND NET INSURABLE VALUE OF CLOVIS HIGH SCHOOL

Erected 1918

Outside walls figured from grade line, inside walls from basement floors on up. No basement floors on dirt included.

Concrete walls - 280 cu. yds. @ $12.00	$3,360
Concrete floors - 12,424 sq. ft. @ 25¢	3,106
Re-steel - 21,360 lbs. @ 6¢ in place	1,282
Welded fabric - 125 squares @ $3.00	375
Brick work: (81 M Face bricks @ $60.00 in place	4,860
(148 M Common bricks @ $42.00	6,216
(4.9 M Hollow bldg. tiles @ $110.00	539
Structural steel - 21,600 lbs. @ 7¢ in place	1,512
Rough hardware, anchors, bolts, nails, etc.	468
Roof - 108 squares, flashing, sheet metal, airducts, etc.	3,084
Lumber (light) - 55 M @ $42.50	4,338
Lumber (heavy) - 24 M @ $55.00	1,320
Lumber, No. 2, 1"x8" shiplap - 29 M @ $40.00	1,160
Labor on same	2,650
E. G. Y. P. flooring - 33.2 M in place	5,292
Maple flooring - 1.9 M	228
Metal ceiling - 11,000 in place	880
Plaster on brick and concrete - 3.112 yds. @ 60¢	1,867
Plaster on metal lath - 4.035 yds.	4,035
Stucco and cement plaster - 280 yds.	140
Blackboard - 641 lin. ft. including trim	802
Pipe railing and fire escapes	420
Stone	3,346
Millwork, windows, frames and labor (partly screened)	2,218
Outside doors and sidelights	440
Inside doors, borrowed lights and frames	938
Running trim	689
Main stairs, gymnasium stairs, steps	388
Store rooms in basement, and miscellaneous trim	750
Electrical wiring, fixtures (825 plus 165)	990
Painting and calcimining	2,149
Finished hardware (allowed)	900
Plumbing (above ground)	2,250
Heating	15,000
Total	$77,992

Total Forwarded	$77,992
Insurance and bond - 2½ per cent	1,950
Contractor's profit - 5 per cent	3,997
Window shades - 136 @ $3.00	408
School desks - 325 @ $6.00	1,950
Auditorium seats - 432 @ $4.00	1,728
Lockers - 119 @ $3.00	357
Teachers' bookcases - 13 @ $6.00	78
Tables - 40 @ $8.00	320
Clock and bell system - 1 @ $150	150
Weather stripped windows - 20 @ $7.00	140
GRAND TOTAL	$89,070
Depreciation, 2 per cent each year for 17 years	30,283
SOUND NET INSURABLE VALUE	$58,787

Building Clause Provides: Excavations and fillings, architect's fees, underground flues, pipes, ducts, drains, sewers, trenches and footings, brick, stone, and concrete foundations below underground surface of lower basement floor not included.

This is to certify that the above estimate is correct according to my best judgment.

Clovis, New Mexico
April 8, 1935

(Signed) Jake Laan
Contractor

(Signed) Jerry M. Schaeffer
Architect

APPENDIX B

FIRE INSPECTION REPORT

Name of Building_____ Date of Last Inspection_____

1. Are store rooms, boiler rooms, and attics clear of rubbish?

2. Is prompt disposal made of waste materials and sweepings, shavings, etc.?

3. Are oily mops, rags,and waste, or open cans of paint, kept only in metal containers?

4. Are there any collections of old magazines, newspapers, or discarded books?

5. Is the fire alarm in good order?

6. Are fire drills given regularly?

7. Are tags on each extinguisher showing recharge within twelve months?

8. Are fire hose accessible, in serviceable condition, and properly arranged in racks, ready for immediate use?

9. Are there any of the following electrical hazards:

   (a) Light cords over nails
   (b) Unapproved extension cords
   (c) Badly taped joints
   (d) Wire fuses
   (e) Overloaded circuits

10. Is electric iron provided with pilot light, metal stand?

(Signed) _____
Prevention Committee

_____
Principal in Charge

APPENDIX C

SIGNIFICANT DATA FROM MELROSE HIGH SCHOOL MAKE-UP SHEET

Inspection Made by D. W. Flickinger of the Mountain States Inspection Bureau, Denver, Colorado, March 7, 1928

	Percentage	Rate
I BASIS RATE.....		.431
II ADDITIONAL CHARGES		
A. Structural		
1. Area	5	
2. Walls H T	50	
B. Occupancy		
1. Domestic Science	13	
2. One automatic light plant	10	
3. Five-gallon gasoline tank not buried, pump feed to engine	20	
Total	95	.409
		.84
III CREDITS		
A. Structural		
None		
B. Protective		
None		
Total	—	—
	Dollars and Cents	
IV ADDITIONAL CHARGES		
A. Aftercharges		
1. Lights - defective wiring	.07	
B. Occupancy		
1. High School	.17	
Total	.24	.24
PRINTED RATE.....		1.08

APPENDIX D

SIGNIFICANT DATA FROM TEXICO GYMNASIUM AND AUDITORIUM MAKE-UP SHEET

Inspection made by A. L. Blair of the Mountain States Inspection Bureau, Denver, Colorado, April 25, 1930

	Percentage	Rate
I BASIS RATE.....		.475
II ADDITIONAL CHARGES		
A. Structural		
1. Area	3	
2. Walls H T	50	
B. Occupancy		
1. Stage, one set scenery	10	
2. Stove heat	10	
Total	73	.347
		.822
III CREDITS		
A. Structural		
1. Floor	5	
B. Protective		
None	—	
Total	5	.04
		.78
	Dollars and Cents	
IV ADDITIONAL CHARGES		
A. Aftercharges		
1. Lights - open wiring	.05	
B. Occupancy		
1. Gymnasium and auditorium	.11	
	.16	.16
PRINTED RATE.....		.94

APPENDIX E

SIGNIFICANT DATA FROM CLOVIS HIGH SCHOOL MAKE-UP SHEET

Inspection Made by C. Long of the Mountain States
Inspection Bureau, Denver, Colorado
April 25, 1930

	Percentage	Rate
I BASIS RATE.....		.411
II ADDITIONAL CHARGES		
A. Structural		
1. Area	18	
2. Stairways	6	
B. Occupancy		
1. Domestic Science	10	
Total	34	.14
		.551
III CREDITS		
A. Structural		
None		
B. Protective		
1. Two fire hose	5	
Total	5	.03
		.52
	Dollars and Cents	
IV ADDITIONAL CHARGES		
A. Aftercharges		
1. Two four-hole kerosene stoves on wood floor, no protection	.10	
2. 375-Gallon gasoline tank outside of building, introduced into building by gravity	.63	
B. Occupancy		
1. High School	.34	
Total	1.07	1.07
PRINTED RATE.....		1.59

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