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Insurance Practices of School Boards in Municipal and County Schools of New Mexico with Evaluation and Standards

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INSURANCE PRACTICES OF SCHOOL BOARDS IN MUNICIPAL AND COUNTY SCHOOLS OF NEW MEXICO WITH EVALUATION AND STANDARDS

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CHAPTER I

Introduction

Importance of the Study

Since New Mexico schools, exclusive of private schools and higher institutions, spend $135,000 each year for insurance premiums, considerable thought might well be given to the question of whether this money is wisely spent. The value of insurance is no longer seriously questioned, but as yet few public officials or school administrators seem to recognize that it should be purchased as economically as possible, consistent with good business practices and safety.

The Problem

The problem undertaken in this study is to discover the practices of New Mexico school boards in the handling of insurance in public school property.

Delimitations

This thesis includes returns from municipal school districts, independent rural districts and union high school districts in one class and county schools in another. They represent all public schools in the state with the exception of higher institutions of learning which do not affect this study. This study is concerned only with the practices concerning the

writing of insurance and not with matters pertaining to adjustments and procedures when losses are suffered.

Definitions

Many terms used throughout the study might well be defined if it is to be clear to the reader. These terms might be defined as meaning other than is usually understood, but when used in this study the definitions given will apply.

Insurance "is that social device for making accumulations to meet uncertain losses of capital which is carried through the transfer of risks of many individuals to one person or groups of persons".[1]

Coinsurance "is that form of insurance under which the owner agrees to become a co-loser 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."[2]

Sound net insurable value "is the value which should be placed on property for purposes of determining the amount for which it should be insured. It

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1 Allen H. Willet, The Economic Theory of Risk and Insurance (New York: Macmillan Company, 1901) P.106

2 James McDonald Bickley, Fire Insurance Practices and Economies on Public School Buildings of Curry County, New Mexico (Unpublished Master's Thesis, University of New Mexico, Albuquerque, New Mexico, 1936)

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 insurance policy provided it were insured for its full value."[3]

Surety bonds Frequently called fidelity bonds, but bonds guaranteeing payment for any loss due to dishonesty or malfeasance on the part of the individual entrusted with those funds.

The term of insurance applies to the length of time a policy is in force without renewing the life thereof; policies are generally written for one, three or five year terms, although policies for other terms may be procured. A policy written for one year is in force for that period of time, time being counted from noon of the day the policy is dated to noon of the same date one year later. All policies are in effect from noon to noon of the expiration date of the policy.

The term municipal school districts in this thesis means "except as otherwise provided....., cities, towns, and villages, including territory annexed thereto for school purposes shall be known as municipal schools and districts."[4]

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3 James McDonald Bickley, Op. Cit., P.4

4 New Mexico School Code, 1931, Sec. 161, P.70

Union high schools "Two or more contiguous school districts, municipal or rural, or either, or both, having a combined average daily attendance of two hundred or more pupils, may unite and form a union high district for the purpose of establishing and maintaining a high school therein."[5]

Independent districts "Any rural school district, in which the average daily attendance for two consecutive school terms exceeds four hundred (400) or any rural school district in which the average daily attendance for two consecutive school terms has exceeded one hundred and forty (140) and has successfully maintained a regular four year high school course that has met the requirements of the State Board of Education.....have the same powers, and perform the same duties as are provided by law for municipal boards of education except....."[6]

Depreciation is defined as wearing out of a school building because of the factors (1) wear and tear of usage, (2) physical decay, (3) obsolescence, and (4) accidents.

There are three types of policy forms in use in modern fire insurance, the specific policy form, the specific schedule form, and the blanket form.

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5 New Mexico School Code, Code '29, P.73

6 Ibid, P.69

The specific policy form is used when each school building is insured separately. The policies, besides being issued to cover one building and its contents, state the exact location of the building, the amount of insurance carried on the building, and the amount on the contents. If there is more than one policy in force on any building insured under the specific policy, the policy will state it, as the insurance company issuing the policy will pay only a pro rata share of the entire insurance carried in case of loss, unless the coinsurance clause is present and then this clause provides for pro rata liability.

In the specific schedule policy all of the buildings in a city are listed and the exact location is given as is the exact amount of insurance carried on the buildings and contents. The average rate for all buildings is computed and applied. The insurance is placed by allotting to various companies a certain portion of the total, covering pro rata on each of the items listed.

The blanket policy, rarely used in school insurance, is similar to the specific schedule except the specific amounts are not fixed for each building. The insurance is written for the entire amount insured on all buildings without statement of the amount allocated to

each individual building.

Sources of Data

Material for this thesis comes from two sources: (1) questionnaires from superintendents of schools, (2) textbooks and studies of insurance practices in various sections of the United States. A copy of the questionnaire form is presented in the Appendix.

Review of Related Material

Many studies pertaining to insurance, its economics and practices, have been made for the nation as a whole and for individual states. However, with the exception of a study recently completed by Bickley[7] on insurance practices in Curry County, little or nothing has been done formally on insurance in New Mexico.

A detailed study of insurance practices of school boards in the state of Illinois was made by J.H. Ketring of Washington University in St. Louis. He studied fire losses in the city and county schools and found boards of education giving little thought to the practices. Insurance was found to be something more or less unknown to the boards and very haphazard procedures were evident.

Skaaland[8] made an analysis of the practices and proce-

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7 James McDonald Bickley, Op. Cit.

8 S.G. Skaaland, An Analysis of the Practices and Procedures in Insuring School Property in Minnesota (Unpublished Master's Thesis, University of Minnesota, 1926)

dures followed in insuring school property in Minnesota. He found, that although school boards were as a rule composed of business men who followed the best procedures in their own businesses, they employed the most haphazard methods when transacting school affairs pertaining to insurance.

The research committee appointed by the public school business officials found, according to a report issued in 1932, that school boards carried insurance coverage ranging from 40 per cent to as high as 120 per cent of the value of the buildings, and that appraisals on schools were made by the most haphazard procedures.

Viles,[9] in a doctoral dissertation, studied school building insurance from the angles of fire losses, adequate protection, insurance costs, and practices. After his study was made, recommendations were made to the board which enabled the boards to: (1) save on the amount of money spent for protection, (2) save in time spent in administering the program, and (3) simplify the program.

Morton[10] and Smith,[11] in separate studies, found that many school boards had never heard of coinsurance and that policies were found to be of all descriptions and premiums

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9 N.E. Viles, Improving the Insurance Program in the Local Districts, (Doctor's Dissertation, University Missouri, 1934)

10 W.H. Morton, "School Property Insurance", School Executive, March 1932

11 Harvey A. Smith, Economy in Public School Fire Insurance (Teachers College, Columbia University, Contributions to Education, No. 428, 1930)

came due at irregular intervals and that there had been no studies of the causes of their high insurance rates.

Procedure

To prosecute this study successfully it was necessary to construct a questionnaire, copies of which were to be sent to each of the superintendents of the municipal, independent rural, union high schools, and county schools of the state. This was the only feasible plan of securing data on present practices as the State Board of Education does not require reports on insurance practices.

The questionnaire was so constructed as to have superintendents give the original values of the buildings, present values, age of buildings, type, and amount of insurance carried. This was done to make it possible to determine the per cent the insurance was of the value of the building and to make it possible to study depreciation. The original value of a building would, if the present value was given, make it possible to determine how boards of education figured depreciation. The age would make it possible to determine the rate of depreciation per year. The question pertaining to coinsurance revealed how many schools were able to use it, and whether or not they understood the obligations they took upon themselves when they wrote it in the contract. This would be especially apparent should any school be unable to give values when they were using this form of insurance. It was expected

to reveal whether or not schools took advantage of the savings in premiums made possible, by reducing the amount of insurance carried on the specific buildings to be in line with the coinsurance clause.

Questions concerning term, kind of insurance, dates premiums were due, premium paid, and rate were asked to make it possible to determine the kinds of insurance carried and whether or not any particular section of the state would have different hazards prevailing than some other. It was hoped to show by the question pertaining to term whether or not schools were taking advantage of the reduced premiums allowed by writing insurance for longer terms. The amount of time given to insurance in the monthly board meetings was expected to come out of the question pertaining to premium paying dates. By knowing the rate and the premium paid on each building it should be possible to show whether or not a material saving could be made by the school boards and the amount.

Answers to questions pertaining to how, when, and by whom appraisals are made were asked with the view in mind of determining how accurate the procedure is. A question concerning distributing insurance business was asked in order to determine the prominence of the question as far as educators are concerned and to see whether or not there was any well defined practice.

The question pertaining to kinds of policies should reveal the practice followed as well as the possibility of

saving money in the form of reduced premium payments. Many questions were asked on incidental forms of insurance merely to determine the practices and with nothing else in mind. Possible economy recommendations were to be made concerning the question scrutinizing rating sheets and studying the insuring of contents.

As questionnaires were returned the material given was transferred to a large master sheet, very similar to the questionnaire itself, thus making it possible to glance at any one item listed on the questionnaire and tell what the various schools were doing. It was necessary to develop this master sheet in two forms: one for the county schools and the other for the municipal, independent rural, and union high schools which were listed under one head.

CHAPTER II

A Technique For Insuring Public School Buildings In New Mexico

In the prosecution of this study sixty-five superintendents of municipal, independent rural, and union high school districts, and thirty-one superintendents of county schools were canvassed by questionnaires requesting information pertaining to practices followed by the respective boards of education in the purchasing of insurance for their school buildings. Of these, forty-nine municipal school superintendents replied and twenty-seven of the county superintendents cooperated. Many of the questions were but partially answered because of inadequacy of the records.

The schools reporting are a representative cross section of the state. A representative cross section of the state in this regard would be a sampling of schools of all types, taking into consideration size, population, and number of pupils enrolled. The schools cooperating here are probably representative of each type school that might be found in New Mexico. With the exception of three schools, all schools with an attendance of 800 pupils replied, and a considerable number of the smaller cooperated and all but four of the county schools responded.

Even though it is quite evident that much of the information given is guess work, especially that part referring to valuations, there is value attached to showing that much of

the practice is guess work. This guess work no doubt is due to the lack of records kept pertaining to the cost and date of construction as well as a lack of scientific means of determining values. However, the estimates made by the officials concerned are as nearly accurate as any data pertaining thereto obtainable.

The reasonableness of the accuracy of these guesses shows itself in the case of the school official who, while filling out the questionnaire, found a $5000 policy on the contents of an adjoining building. In this case a desire to cooperate in the prosecution of the study averted considerable criticism which might have followed had there been a loss on the building, the contents of which were $5000 uninsured. In the same system all policies but one contained the 90 per cent coinsurance clause. Had not the guess work been fairly accurate this discrepancy would probably never have shown itself.

Still in another case one principal of a county school, finding himself in need of additional funds for the administering his school, decided to investigate his insurance and consequently saved money by reorganizing and still remaining sufficiently protected.

Those not filling out blanks generally are those not following any procedure, good or bad, in insurance matters. Several correspondents, not replying to the questionnaire, frankly admitted their inability to cooperate on grounds that there was no information to be had in their jurisdictions. This

does not invalidate the value of the study since its purpose is to investigate practices followed in the state. Therefore, the absence of data from schools following no procedure does not come within the limitations of this thesis except perhaps to illustrate that general conditions are worse than this limited study can portray.

Since the obligations of the policy holder in an insurance contract are usually implied rather than written it might well be mentioned that in case of loss the responsibility for correct valuations lies with him. This being true the next logical step in this thesis is to study appraisals.

Appraisals

An appraisal is arriving at value of something, in this case, a school building. All insurance is based on "sound value" or appraised value. Sound value has been defined by insurance companies as present replacement value less depreciation. In case of loss, "even if the policy holder has the correct sum written in his policy, his ability to collect his loss will depend largely on his ability to provide satisfactory proof of loss".[1] This proof of loss all too frequently cannot be given if a sound method of appraising is not followed before the loss occurs. What constitutes a sound method of appraisal is open to discussion. Among the methods are: appraisals made by contractors; those made by real estate

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1 Warren S. Holmes, "How The Cost of Insurance on Public School Properties Can Be Reduced", American School Board Journal, 87:23, August, 1933.

agents, insurance agents, insurance appraisers; and firms whose business is that of appraising buildings. Many other forms are used:such as,some individual making it, following a definite practice of cutting the value a certain per cent each year,and continuing to use the same value each year.

Practices in New Mexico,as shown by Table I,represent all of the methods mentioned above as well as a few others. By scrutinizing the table it can be seen that the most common practice followed in New Mexico is that of the school boards making the appraisal. In twenty-eight cases the school boards determined the value. This practice is unsound since few boards have any training other than that gained by making their appraisals from time to time. In nineteen cases the superintendent made the appraisal and he too is untrained for the job. Allowing insurance agents themselves to set the value is almost as bad as permitting automobile manufacturers to tell you how often you should buy a new car. After all, the insurance agent has insurance to sell and he does not obligate his company if he sells too much insurance on a single risk. Insurance companies will not pay more than the replacement value of the building less depreciation even if it is insured for three times the amount. The practice of having a contractor make the appraisal,as followed by eleven schools,is unsound because their opinions are based on judgments,and individual judgments are entirely too subjective in nature. Only one school, a county school, resorted

to using a real estate agent. The practice is faulty because real estate agents, besides not being trained in knowledge of buildings, are used to placing values according to possible sales value and are based on demand for real property at the time the appraisal was made.

Five municipal schools reported use of the "auditor" but there seems to be no particular reason why such an individual should be better qualified to appraise than board members or a superintendent.

"The most satisfactory type of appraisal and that which is generally recognized by insurance companies, as well as adjusters, is based on what is known as quantity survey. This includes such items as number of cubic feet and type of masonry; the number, description and size of joists; the composition of the roof, and square feet therein; in fact every item entering into the construction of the building."[2]

In substantiating argument in favor of the appraisals made by appraising firms Baldwin[3] says, "Every standard insurance policy calls for a 'detailed inventory' and 'plans and specifications'. In case they should be demanded, in the settlement of a fire loss and in this connection it should be emphasized that a file of receipted invoices for materials and

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2 John C. West, " School Property Appraisals For Insurance Purposes " American School Board Journal. 88: 33, June, 1934

3 Harry G. Baldwin, " Why An Appraisal of School Property" American School Board Journal. 90:30, April, 1935

services incident to the erection of a building....is in no sense of the word, the 'detailed inventory' called for in the policy".

TABLE I

HOW BUILDINGS ARE APPRAISED IN NEW MEXICO SCHOOLS

Who Appraises	Municipal	County	Total
School Board	19	9	28
Superintendent	10	9	19
Contractor	11	0	11
Combination of Contractor and Real Estate Agent	0	0	0
Appraising Firm	2	1	3
Auditor	5	0	5
Insurance Agent	5	11	16
Architects	2	0	2
Insurance Appraisers	1	0	1
Real Estate Agent	1	0	1

a-Overlapping is due to combinations of the above groups appraising.

Since one of the steps to be followed in case of a loss is to submit a formal proof of loss, it appears necessary that a board of education have available information whereby they might fulfill this requirement. It is only obvious that it is much easier to furnish a proof of loss made from a "detailed inventory" made before the loss than one made after the loss.

The appraisal recommended in this section is made by a creditable firm and is free from bias and furnishes the board of education, before a loss, with the "detailed inventory" they would need after a loss, in order to fulfill the require-

ment of the insurance policy.

Table II gives an idea of when appraisals are made in New Mexico. Seventeen schools, twelve of which are municipal schools, were appraised in 1936, while all but eleven schools reported appraisals within the decade and these eleven had no records of an appraisal having been made. In spite of the

TABLE II

DATES WHEN BUILDINGS WERE APPRAISED

Year	No. of Municipalities Appraising	No. of counties Appraising
1936	0	1
1935	12	5
1934	5	1
1933	6	1
1932	2	0
1931	3	9
1928	1	0
1927	1	0
Annual	2	1
Indefinite	4	2
Unknown	3	9
Total	40	20

fact that twelve school systems, nine of which were county systems, reported appraisals as unknown it is only fair to state an appraisal of some form is made every time a policy on any one building expires although it indicates a very haphazard procedure. During time cycles of rapid fluctuation in prices detailed appraisals should be made at two year intervals, while during non-fluctuating times once every five or

ten years is often enough. It is merely necessary to depreciate the values somewhat each year between detailed appraisals.

Table III serves to explain how individuals, chosen by the boards of education, chose to determine the value of the buildings they were asked to appraise. In eight cases the appraisers chosen used, as their basis of judgment, replacement value less depreciation which, according to an earlier statement in this chapter, is the basis for insurance company adjustments. In sixteen cases original cost was the basis of the calculations and this ignores the fluctuation in prices which will be mentioned in the section under depreciation. Eleven times the figure was the result of an estimate, the weakness of which is evident. Nine appraisers ig-

TABLE III

METHODS USED BY SCHOOL BOARDS IN ARRIVING AT PRESENT VALUES OF BUILDINGS

Method	Municipal	County	Total
Estimate	2	9	11
Replacement Cost Less Depreciation	7	1	8
Original Cost Less Depreciation	12	4	16
Replacement Cost	7	2	9
Detailed Appraisal	1	0	1
Original Cost	3	0	3
3/4 Actual Value	0	1	1
No Method	0	2	2
Renew Policies As They Were	0	1	1
Total	32	20	52

nored depreciation.

Depreciation

Rate of depreciation varies according to features of a building:such as (1) materials and workmanship, (2) parts of the plant itself, (3) climate,and (4) uses given certain parts of the building. Frequently depreciation, in a way at least, is offset by another factor and that is a decrease in building costs. This item itself might well offset any reasonable amount of depreciation accruing over a very few years.

Many complicated methods of determining mathematically the rate of depreciation have been devised. They are:(1) straight line method, (2) wearing out method, (3) reducing balance method,and (4) the method approved by the American Institute of Architects. This method will be discussed later in the heading. All methods use common terms:such as (a) first cost, (b) salvage value, (c) life of building,and (d) interest rate. The understanding by school boards of depreciation is important since every building, regardless of type, loses value due to these factors shown and it is the value that plays a big part in the determination of the amount of insurance to carry.

Figures in Table IV were taken from the questionnaires from thirty cities and ninety buildings were represented. These ninety buildings from thirty cities give a cross section sampling of how important depreciation was considered when apprais-

TABLE IV

HOW PRESENT VALUES OF EIGHTY-NINE MUNICIPAL BUILDINGS BEAR TO THE ORIGINAL VALUES, SHOWING TOTAL AND ANNUAL DEPRECIATION IN HUNDREDTHS

City	Type Of Bldg.	Age	Original Cost	Present Value	Amount Depreciated	Depreciation Total	Depreciation Annual
1	1a	8	$114,000	$112,000	$2,000	.0175	.002
1	1a	8	112,500	112,000	500	.0044	.000
1	3a	1	96,000	96,000	0		
1	3a	10	54,000	51,500	2,500	.0462	.0045
1	3a	12	76,100	63,000	13,100	.1721	.014
1	3a	12	102,000	93,000	9,000	.0882	.0073
1	3a	10	44,000	39,000	5,000	.1136	.0113
1	3a	12	103,700	92,500	11,200	.108	.009
1	3a	8	61,600	56,000	5,600	.0909	.011
1	3a	20	102,000	100,000	2,000	.0196	.0009
1	1a	8	123,600	128,000			
1	3a	15	8,400	6,200	2,200	.2619	.0174
1	3a	5	86,100	78,500	7,600	.0882	.0176
2	b	6	80,000	75,000	5,000	.0625	.0104
3	Brick	12	50,000	50,000	0		
3	Brick	25	7,000	5,000	2,000	.285	.0114
3	Brick	8	1,000	1,000	0		
3	Frame	10	1,000	1,000	0		
4	3a	19	35,000	30,000	5,000	.1428	.0075
4	4a	15	2,000	1,000	1,000	.500	.034
4	3a	10	17,000	15,000	2,000	.1176	.011
4	3a	12	37,000	30,000	7,000	.1891	.0157
4	3b	12	8,000	6,000	2,000	.2500	.0208
5	2-1 b	11	82,000	60,000	22,000	.2682	.0243
5	1b	13	20,000	15,000	5,000	.2500	.0192
5	1b	20	17,000	9,000	8,000	.4705	.0235
5	2b	25	23,000	21,000	2,000	.0869	.0034
5	1d	23	2,500	1,000	1,500	.60	.026
5	Brick	18	8,000	8,000	0		
6	Frame	25	800	800	0		
6	Frame	13	2,000	1,550	450	.0225	.0017
7	Brick	10	40,000	33,000	7,000	.175	.0175
7	Frame	12	1,500	1,140	360	.24	.02
7	Cement	30	20,000	10,000	10,000	.50	.0167
8	2b	14	65,000	48,000	17,000	.2615	.0186
8	1d	30	2,000	1,000	1,000	.50	.0167
8	1dx	25	2,000	1,000	1,000	.50	.02
9	c	15	30,000	27,500	2,500	.0833	.0055
9	c	20	30,000	27,500	2,500	.0833	.0042
10	a	10	115,000	116,905			
11	b	21	15,061	15,061	0		
11	e	3	8,336	8,000	336	.043	.014
11	b	11	35,000	30,221	4,779	.1565	.0142

TABLE IV (Continued)

City	Type Of Bldg.	Age	Original Cost	Present Value	Amount Depreciated	Depreciation Total	Depreciation Annual
11	b	21	15,000	12,613	2,387	.159	.0075
11	b	25	48,000	36,000	12,000	.25	.01
12	Brick	5	20,000	18,000	2,000	.100	.02
12	Adobe	12	12,000	8,000	4,000	.333	.0277
13	a	8	34,304	31,189	3,114	.0908	.0113
14	A	8	15,000	12,000	3,000	.200	.025
14	B	15	5,000	2,000	3,000	.600	.04
14	b	15	2,000	500	1,500	.75	.05
15	Brick	28	13,000	10,000	3,000	.2307	.0082
15	Concrete	10	45,000	40,000	5,000	.111	.011
15	Concrete	7	15,000	12,000	3,000	.200	.028
16	D	13	35,000	33,500	1,500	.0428	.0032
17	C	16	115,000	60,000	55,000	.4782	.029
17		8	65,000	42,000	23,000	.3528	.0442
17		16	35,000	19,000	16,000	.4571	.0285
17		6	17,500	13,500	4,000	.2285	.038
17		6	17,500	13,500	4,000	.2285	.038
17		23	25,000	21,200	3,800	.152	.0067
17		8	14,000	12,500	1,500	.1071	.0133
18	Brick	17	75,000	62,500	12,500	.1667	.0090
18	Brick	15	100,000	42,000	58,000	.58	.038
18	Stucco	20	60,000	38,000	22,000	.3667	.018
18	Brick	5	22,000	20,000	2,000	.0909	.0181
19	Brick	10	13,000	15,000	2,000 a		
19	Adobe	6	2,000	6,170	4,170 a		
20	A	8	38,982	39,000	1,800 a		
21	A	35	35,000	50,000	15,000 a		
21	A	13	106,000	97,500	8,500	.0801	.0061
21	A	8	62,000	57,500	4,500	.0725	.00906
22	Brick	10	70,000	40,000	30,000	.4285	.0428
22	Brick	10	80,000	60,000	20,000	.25	.025
22	Brick	10	10,000	10,000			
23		20	18,000	12,000	6,000	.333	.0164
23		18	16,000	11,000	5,000	.3125	.0173
24		10	30,000	25,000	5,000	.1667	.0166
24		20	26,000	20,000	6,000	.2307	.0115
25	Stone	13	30,000	25,000	5,000	.1667	.0128
25	Stone	19	30,000	25,000	5,000	.1667	.0087
26	A	15	32,700	15,000	17,500	.5353	.0357
27	Brick	19	20,000	13,500	6,500	.325	.0171
27	Tile	9	9,500	7,000	1,500	.1578	.0175
27	Frame	?	500	300	200	.4	
28	B	4	1,200	1,000	200	.25	.0625
28	b	7	1,500	1,000	500	.333	.0475
28	b	15	15,000	10,000	5,000	.333	.0222
29	Brick	14	65,000	45,000	20,000	.3076	.0219
30	2bx	4	67,000	90,000			
Average							.0153

ing school buildings. An earlier paragraph shows how scientifically it was treated and Table IV shows it from the light of rate of depreciation each year. Six buildings were not depreciated as far as values were concerned while seven increased in value. In one case of the latter, however, the superintendent stated an addition was added to the original structure hence the increase in valuation. Based in percentages the remaining seventy-seven buildings were depreciated from .9 per cent in one case to a high of 5 per cent in another. It is impossible to show a fixed practice on the part of any one school board because no buildings show a consistent rate of depreciation. The average rate of depreciation for all buildings was 1.53 per cent.

No effort has been made to show a similar report of county school buildings because of the large number of counties that could give no figures pertaining to original values. To have made this study would have entailed the selection of two or three counties which would not be indicative of the practices.

The rate buildings should be depreciated depends upon the many things mentioned earlier in the chapter, but the American Institute of Architects has set up building classifications for insurance practices and the concensus of students of insurance is that the per cent of depreciation per year recommended by A.H. Bell, auditor, Board of Education, Gary, Indiana are defensible. They are:

Type A - A building constructed entirely of fire resistive materials including its roof, windows, doors, floors and finish.....1 3/4%

Type B - A building of fire resistive construction in its walls, floors, stairways and ceilings but with wood finish, wood or composition floor surface and wood roof construction over fire resistive ceiling.....1 3/4%

Type C - A building with masonry walls, fire resistive corridors and stairways, but with ordinary construction otherwise, combustible floor, partitions, roofs and finish.....2 ½%

Type D - A building with masonry walls, but otherwise ordinary or joists construction and wood finish.....3 %

Type E - All wood construction.....5 %

Strayer and Haig estimated the annual depreciation for city school buildings in New York is about two per cent and for rural buildings about three per cent.[4] School boards should keep these figures in mind when establishing value because over-valuation leads to over insurance which is not economical.

After establishing values of buildings the board is ready to decide upon the kind of insurance to carry, type

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4 J.D. Strayer, R.M. Haig, Financing of Education in the State of New York, Report of the Educational Finance Inquiry Commission (New York: Macmillan Company, 1923, Vol.1 P.84-85)

of policy, coinsurance and other phases of insurance listed under the insurance plan.

Insurance Plan

There is no set formula for a school board to follow when planning to purchase insurance. What might be defensible in one locality would not be so in another. Where one school building might be located at the outskirts of a city, another might be situated so as to be in the center of a group of buildings that are fire traps. Some localities have up to date fire departments while others have merely a bucket brigade. The wind blows severely in one section of the state while in the other there is no problem of such nature. A school building might be a separate risk in one locality while in others be one of numerous risks so located as to make a different type policy applicable. These different factors all bear on the problem of the insurance plan and should be broken up so as to understand each one according to its merits.

There is little doubt of the advisability of fire insurance on all risks because of the ever present hazard of fire, but the types of policies vary somewhat. Insurance is written on one of three types of policies, namely specific; specific schedule; and blanket, all of which were defined in the first chapter. In New Mexico four municipal and two county schools reported the use of specific schedule policy. The fundamental weakness of the practice is the fact that according to the plan every insurance company which sells insurance

to the board carries an equal part in every risk. For instance if fifty companies are represented they will each carry one-fiftieth part of the insurance on every building. If a loss occurs, regardless of the amount, the school board will receive fifty checks for the loss. This amounts to considerable red tape in making up a proof of loss. Five schools, four of which are municipal, use blanket policies. This type policy is expensive because the rate used in the blanket policy is the average rate of all buildings. One building of poor construction or possessing exceptional hazards would raise the average rate for all buildings. Smith says, "There seems to be no good reason for insuring school property under the blanket form of policy".[5] Thirty-four municipal and twenty-two county boards report the use of specific policies. The use of specific policies means the school board has many diferent policies to look over and this offers frequent opportunity for mistake. If the risk is of any sizable amount the insurance companies themselves will limit their share of the risk by refusing to carry more than a certain part. Insurance companies might even refuse a risk entirely especially if they have enough other risks in the immediate vicinity to cause possible bankruptcy of the company if a conflagration should occur.

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5 H.A. Smith "Economy in Public School Fire Insurance", (Teachers College, Columbia University, Contributions to Education, No.428, 1930) P.110

The type of policy recommended in this thesis is the specific because it eliminates the red tape of the specific schedule and the excessive expense of the blanket. It offers further advantages in the very definiteness of its nature. The property is described in detail and the amount of insurance in force on the building and contents is specific. "Business men and school administrators everywhere advocate for school property either the specific or individual policy in preference to the blanket policies".[6]

TABLE V

KINDS OF POLICIES WRITTEN BY MUNICIPAL AND COUNTY BOARDS IN NEW MEXICO

Kinds of Policies	Municipal	County	Total
Specific	34	22	56
Blanket	4	1	5
Specific Schedule	4	2	6
Total	42	25	67

Coinsurance

As a form of insurance coinsurance is usually the least understood of all. Its chief underlying principles as far as the companies are concerned is the equalization

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6 William T. Melchior, Insuring Public School Property, (Teachers College, Columbia University, Contributions to Education, No.168, 1925) P.1

The type of policy recommended in this thesis is the specific because it eliminates the real value of the specific mechanic and the negative expense of the blanket. It offers further advantages in the very definiteness of its nature. The property is described in detail and the amount of insurance in force on the building and contents is specific. Business men and school administrators everywhere advocate for school property either the specific or individual policy in preference to the blanket policies".[8]

TABLE V

KINDS OF POLICIES WRITTEN BY SUPERVISORS AND COUNTY BOARDS IN NEW MEXICO

Kinds of Policies	Municipal	County	Total
Specific	34	52	86
Blanket	4	1	5
Specific Reliance	4	2	6
Total	42	55	97

Coinsurance

As a form of insurance coinsurance is usually the least understood of all. The only underlying principle as far as the companies are concerned is the equitable

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[8] William E. Mulholor, Insuring Public School Property, (Teachers College, Columbia University, Contributions to Education, No.162, 1923) p.1

of rates so that every assured pays a premium in proportion to the indemnity realized in case of loss. It is important that the insured understand the obligations placed upon him when he adopts the coinsurance contract.

Where a coinsurance clause is present in a policy it means that in view of the reduced rate at which the contract is written the assured agrees to carry insurance to an amount at least equal to the percentage of his value as is set out in his contract. If he does not do this then he is penalized in the event of loss to the extent that the difference between what he does carry and what he is required to carry bears to what he is required to carry.

If the assured has an eighty per cent coinsurance clause in his policy, it means that for every dollar of value he is required to carry eighty cents in insurance, if ninety per cent ninety cents, etc.

Now suppose he is only carrying fifty cents for every dollar of value and has a loss which amounts to forty cents per dollar of value and a coinsurance clause in his policy of 80 per cent, when the loss is settled and paid the assured finds himself collecting 5/8 of the fifty cents of loss per dollar because he is penalized the other 3/8 or fifteen cents per dollar for not complying with the contract.

If the contract is completely fulfilled and a total loss of property insured occurs the coinsurance agreement

is automatically cancelled and insurance is paid in full".[7] Do not suppose, however, that this means the value of the building paid in full because it really means the amount of the policy.

If the assured is to be sure he is complying with the contract the necessity for the detailed appraisals discussed earlier in the chapter is more apparent, especially since the per cent of insurance carried is reflected by the value set by the appraiser.

It is important too that the assured refrain from carrying a greater percentage of insurance than contracted for because adjustment of fire losses are based on the actual cash or replacement value at the time of the fire and the fact that a greater percentage is carried than necessary has no bearing on the settlement. This over-insurance amounts to an unnecessary expense. School officials buying coinsurance believe they will not have a loss of a greater percentage than that agreed upon in the policy so they should set the percentage only after giving consideration to the above factors, type of buildings, hazards and fire fighting equipment, because these are factors affecting the risk and hence the soundness of coinsurance.

Table VI shows the status of coinsurance in New Mexico. Sixteen municipal schools reported the use of coinsurance and one county used it on buildings in certain districts. Of the

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7 O.M. Thurber, "Do You Understand Coinsurance", Journal of American Insurance, January, 1928, P.21

sixteen municipal schools values show two as carrying the proper amount of insurance in accordance with the contract. Las Vegas, with buildings costing originally $203,000 and now valued at $205,000, is using the 80 per cent coinsurance clause and carrying $164,000 in insurance. This is proper if the present value, $205,000, is correct, but one of the buildings is valued at $50,000 today when it cost $35,000 to build it thirty-five years ago. Alamogordo and Clayton are using coinsurance clauses and report present values as unknown. It is impossible for Clayton and Alamogordo to know whether or not the insurance contract is being followed in this case. According to the coinsurance carried and the values of the buildings, six school boards are carrying insurance valued at $204,500 more than is necessary. Four schools are carrying $42,100 worth of insurance less than they agreed in the insurance contract to carry. Of the sixteen municipal schools using coinsurance obvious errors are evident in twelve cases, two replied in such a manner as to make checking impossible and one other has buildings valued for more than the original cost. A total error of $246,000 appears either in over-insurance or under-insurance.

No school board should undertake coinsurance until after having studied the problems of their particular locality and they are thoroughly convinced it is appropriate. No board should purchase coinsurance unless the building named is at least semi-fire proof and not then if the fire

fighting apparatus available is not sufficient to protect the building from total destruction. Before purchasing it a detailed inventory made by competent appraising firms should establish the sound net insurable value for insurance purposes.

TABLE VI

HOW INSURANCE CARRIED BEARS TO PRESENT VALUE AND PER CENT OF COINSURANCE IN FORCE

City	Present Value	% Coin-surance	Insur. Carried	Amount Should Carry	Am't under, over Insured
Alamogordo		80	90,100		
Albuquerque	1,075,000	80	933,300	860,720	72,580
Aztec	57,000	90	56,000	51,300	4,700
Belen	82,000	Yes	80,000		
Carlsbad	131,000	90	98,000	117,000	19,000
Clayton		50-80	163,000		
Clovis	162,500	80	185,000	130,000	55,000
Estancia	58,500	80	46,700	46,800	100
Gallup	181,700	90	184,750	163,530	21,220
Hagerman	62,000	100	62,000		
Las Cruces U	116,000	80	92,000	92,800	800
Las Cruces	101,895	Yes	92,000		
Las Vegas	205,000	80	164,000	164,000	
Raton	137,000	80	140,000	109,000	31,000
Santa Fe	367,000	90	351,000	330,999.30	20,000
Tucumcari	199,000	80	137,000	159,200	22,200

If the above requirements are met the board should then purchase coinsurance because there is a saving of 20 per cent on 80 per cent coinsurance, and 30 per cent on 90 per cent coinsurance. Coinsurance should then be purchased for the proper amount. It is idle to talk savings and then not effect them in their entirety. Savings of a considerable amount can be made if the coinsurance policy is used and the board can at the same

time enjoy ample protection.

Other Risks

Practically any kind of insurance is available to would be purchasers, and school boards frequently see fit to protect themselves from as many hazards as possible. Much criticism awaits a school board that does not forsee every possible danger, and, as a result, school boards, in order to forestall the criticism, attempt to protect themselves from any loss by carrying insurance covering the risk.

Practically all boards, according to Table VII, report the use of insurance in some form or other on school busses. Four municipal schools purchase the insurance themselves while sixteen require their drivers to carry the protection. In the county systems the insurance is purchased by the board in twelve cases and required of the driver in seven.

TABLE VII

KINDS OF INSURANCE CARRIED BY MUNICIPAL AND COUNTY SCHOOL BOARDS

Kinds of Insurance	Municipal	County	Total
Lighting	1	0	1
Fire	39	24	63
Hail	6	5	11
Tornado	9	7	16
Annuity	9	6	15
School Bus	4	12	16
Required by Drivers	16	7	23
(a) Rain or Snow	0	0	0
Athlete	0	0	0

(a) Clayton reported carrying rain insurance one time on a football game.

One school reported carrying rain insurance one time on a football game and another insuring a class play on one occasion, but no schools reported a practice of doing so. No schools reported insuring of athletes although one superintendent reported that it should be done. Thirty-nine of the municipal and twenty-four of the counties reported fire insurance on their buildings. The schools in the southeastern part of the state report carrying hail and tornado although some report carrying it only on the buildings. According to the table nine school systems carry hail and nine carry tornado.

But few school systems in New Mexico have any form of annuity plans for their teachers. Nine municipalities and six counties report the use of such a plan, while a total of fifty-seven report no plan.

Surety Bonds

Surety bonds, sometimes called fidelity bonds, are a form of insurance in that they guarantee payment to a school district of such losses as may occur due to misappropriation of funds or misuse, depending upon the contract written in the surety bonds itself.

The question of surety bonds as explained in Table VIII seemed to be one demanding the attention of most men placed in charge of school money. In twenty-nine cases the clerk and in twenty-three cases the president of the municipal boards were bonded. The superintendent was bonded in but one in-

stance. Superintendents probably handle directly more funds that are subject to mishandling than any other officer. All superintendents are directly responsible for funds of miscellaneous nature and the bond on such officials is feasible.

The county boards bonded all members and the superintendent, who is the clerk, in twenty-four cases, three failing to report.[8] County schools usually reported carrying no bonds on activity funds and but three of the municipal boards reported carrying such a bond on those funds. Activity funds derive their funds from every source conceivable and are spent that way. Failure to bond officials in charge of them is not conducive to sound business practices. It is equally as important that such funds should be protected and officials be expected to submit to auditing.

TABLE VIII

USE OF SURETY BONDS BY MUNICIPAL AND COUNTY SCHOOL BOARDS

Officials	Required by Municipal Boards	Required by County Boards	Total
Superintendent	1	24[a]	25
Clerk	29	0	29
President	23	23	46
Other Members	5	23	28
Activity Funds	3	0[b]	3

a The county superintendent is clerk of the county board.
b Practically all county schools reported not having such a fund.

Boards of education should take every precaution to in-

8 County superintendents are required by law to be bonded.

sure proper application of funds placed under control of school officials, not any more for the protection of the funds themselves than for the protection of the individuals responsible for them. The money handled belongs to the public and school officials should insist upon strict accounting. Insisting on strict accounting leads to protection of the officials' reputations from people desiring to cause trouble by shouting "misappropriation". It also is just good business practice that is expected of every school official.

Mutuals

After making the decisions as to kinds of policies, coinsurance, and other risks, the school board will find that it is ready to buy insurance. They will immediately be besieged with the mutual versus stock company argument. Some agents will argue the legality of mutuals and others the safety. These arguments should be considered, of course, but the arguments of the agents cannot always be depended upon because they are often prejudiced. If there is no legal reason for not insuring with "mutuals", the only sound basis should be that of safety. Most school buildings are covered by policies issued by several different companies, and should one of those insuring companies be unable to pay its share of a loss the other companies insuring the same building will not pay more than their share regardless of the loss incurred. Lines 101-105 of the Standard Fire Insurance Contract of the State

of New York reads, "This company shall not be liable for a greater proportion of any loss or damage than the amount hereby insured shall bear to the whole insurance covering the property, whether valid or not and whether collectible or not".[9]

It is obvious from these lines that only sound companies, approved by the State Department of Insurance, should be considered when a school board is purchasing insurance.

Thirty-two of the municipal school boards and twenty of the county school boards reported they did not insure with mutuals, while seven municipal school boards and five county school boards reported the use of mutuals. Some school officials reported they considered the use of mutual companies as illegal, but this appears to be cleared up by an opinion from the attorney general which reads as follows:

> This office wrote an opinion on this question to the superintendent of insurance of this state on November 14, 1935, and in that opinion, after discussing various cases decided in other states, held that a public body might insured in a mutual fire insurance company, provided that the contingent liability is limited to a definite amount by the contract of insurance and that such action would not be in violation of Article 9, Section 14 of the New Mexico Constitution. On the other hand, if the contingent liability is unlimited in amount then the said constitutional provision would be violated. 10

It goes without saying that the main qualifying factor which any insurance company should face should be that of

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9 This contract is standard for New Mexico and is frequently spoken of as "the two-hundred line policy".

10 Opinion from Attorney General, July 14, 1936.

soundness, and the mere fact the company seeking business is a mutual should not be held against it.

Coverage

Many of the factors that influence the possibility of coinsurance, as stated earlier in this chapter, have an important bearing on the per cent the insurance carried should bear to the sound net insurable value. Insurance companies are anxious to have buildings adequately covered and consequently will urge the insured to carry enough to protect the risk, but if the risk is so located as to be a poor risk from the standpoint of the insurance company they themselves might limit the amount of insurance they will issue. For instance, a school building, located in such a place as to be inaccessible to fire protection, is almost sure to be a total loss if a fire should occur. In cases of this nature the insurance company itself might refuse to insure it for more than 75 per cent of its value.

The obligation of school boards to insure their school buildings is clearly stated in the statutes of New Mexico which reads, "The respective boards of education are hereby required to insure all school property and to pay all premiums thereon from funds credited to the districts over which they have control."[11]

This law obligates the boards but does not regulate

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11 New Mexico School Code, 1929, Chap. 120, Sec. 1413, P.89

them as to the adequacy of their protection. West ably states the situation when he writes: "During the gala decade ending along about 1929, the amount of insurance on a public building was generally determined by guess and often times was based on the needs of the insurance agent rather than those of the community. Five years later we find economic conditions entirely changed, but little change in the insurance is noticeable."[12]

The situation in New Mexico as shown by Table IX appears to indicate little or no change, as far as New Mexico is concerned, since 1934. The Table shows that the total amount of insurance in municipal schools varies from 64.6 per cent of the value in La Joya to 119 per cent in Grenville. Eight municipal school boards carry an average insurance on all school buildings amounting to 100 per cent or more, and seven carry an average of less than 80 per cent, the average for all schools being 88.6 per cent. Of the thirty-one school systems that give enough figures to be studied seventeen are under-insured from .5 of one per cent to 35.4 per cent, and seven are over-insured from 4 per cent in Columbus to 34 per cent in Clovis. These figures show 77.4 per cent of the schools either under-insured or over-insured.

Table X shows that the county schools, which in almost every case have buildings with very little fire protection and a lower type construction, are insured for a lower percentage

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12 West, Op. Cit., P.32.

TABLE IX

PER CENT INSURANCE CARRIED BEARS TO PRESENT VALUE OF MUNICIPAL SCHOOL BUILDINGS IN NEW MEXICO

School	Present Value	Insurance Carried	Per Cent Coinsurance	Per Cent
Alamogordo	Unknown	$ 90,100	80	
Albuquerque	$1,075,900	933,300	80	86.7
Anthony	75,000	56,000		76.4
Artesia	135,837	133,500		
Belen	82,000	80,000		97.5
Aztec	57,000	55,700	90	97.7
Carlsbad	131,000	98,000	90	74.7
Clayton	Unknown	163,000		
a Clovis	162,000	185,000	80	114
Columbus	10,350	10,800		104
Dexter	50,000	44,400		88.8
Elida				
Espanola	8,000	5,000		62.5
Estancia	58,500	46,700	80	79.8
Gallup	181,700	184,750	90	101.6
Grants	Unknown			
Grenville	33,500	40,000		119
Hagerman	62,000	62,000	100	100
Hatch Municipal	14,500	12,500		86.2
Hatch Union	31,189	27,000		89.7
Hot Springs	26,000	18,000		69.2
Las Cruces Mun.	101,895	92,000		90.3
Las Cruces Union	116,000	92,000	80	79.3
La Joya	21,107	13,650		64.6
Lake Arther	39,000	32,000		82
b Las Vegas	204,000	164,000	80	80
Lordsburg	110,000	110,000		100
Magdalena	23,000	19,000		82.6
Melrose	45,000	36,000		80
Mosquero	18,000	16,500		91.6
Mountainair	50,000	42,000		84
Raton	137,000	140,000	80	102
b Roswell	375,000	337,000	90	90
b Santa Fe	367,777	351,000	90	90
Springer	71,000	56,000		78.8
Taos	15,000	15,000		100
Tucumcari	199,000	137,600	80	70.6
Virden	12,000	9,700		80.8
Wagon Mound	45,000	39,000		86.6

a Insurance is undergoing a revision downward

b These schools did not give present values, they merely claimed the amount of insurance carried represent the same per cent of the value as indicated by coinsurance.

of their present value than the municipal schools, Eddy County carries insurance amounting to 37.4 per cent of their value while Sandoval County is insured for an average of 100.5 per cent of the value of the buildings. Of the fifteen counties included in Table X, because figures were available to show the per cent of insurance carried, fourteen or 93.3 per cent were either carrying over or under 100 per cent coverage. Criticisms of this practice are difficult since it is impossible to determine the limitations that may have been placed on the policy holder by the insurance company. It is doubtful, however, that school buildings insured for less than 75 per cent of their

TABLE X

PER CENT INSURANCE CARRIED BEARS TO THE PRESENT VALUE OF COUNTY SCHOOL BUILDINGS IN NEW MEXICO

County	Present Value	Amount Insurance Carried	Per Cent Co-insurance	Per Cent
Catron	$ 15,000	$ 15,000		100
Colfax	186,250	109,163		58.6
Eddy	76,400	28,525		37.4
Guadalupe	49,950	39,600		79.2
Grant				
Harding	62,500	34,450		55.1
Hidalgo	31,900	24,450		76.6
Lea	45,250	45,100		99.6
McKinley	18,200	17,800		97.7
Quay	256,750	191,350	50-80	74.5
Rio Arriba	82,000	62,950		76.7
Sandoval	17,550	17,650		100.5
San Juan	31,750	20,340		64.6
Santa Fe	209,000	159,000		76
Torrance	68,700	47,350	80	69

value are insured to the maximum allowed by insurance companies. Quay County, one of the two counties using coinsurance, has three buildings uninsured[13] and the superintendent reports them as being good risks.

The first consideration a school board should give is that of protecting adequately the school building or buildings under its charge. The amount of insurance carried should be as near 100 per cent of the sound net insurable value as is possible to carry unless coinsurance is used and then the contract should be observed to the letter. Over-insurance for purposes of "playing safe" finds little merit since the money used to pay for unnecessary insurance could well be used to pay for the detailed appraisal recommended earlier in this chapter.

Distribution

From the remarks made by superintendents when answering the question about distribution it is evident that the manner of distributing insurance business among the insurance companies is one that has given considerable trouble in the past. The business under control of the school boards represents one of the largest single units of business in most communities, and it has always been looked upon by agents as worth working for. Since the business represents that of

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13 This procedure is probably illegal in view of the statute quoted earlier in this chapter.

superior risks, insurance companies have signified an intense interest in getting it. The result has been an ever growing problem for school boards because of the rivalry among the insurance agents for the business.

A study of the practices of school boards in this regard, as shown by Table XI, reveals twnety-three municipal and sixteen county school boards dividing their insurance business equally among the several agents. This practice fails to recognize an agent's just rights since some agents are really entitled to more business than others. One municipal school board allows one agent to distribute all of the business as he sess fit, which of course places too much responsibility in the hands of one individual. This is ably shown by the following letter from a superintendent who found his school board allowing an insurance agent to control the business. He said:

> All the buildings in the County were insured but a few buildings which were abandoned had never had the insurance discontinued and the County had been paying premiums for several years on two buildings which had been sold and removed from the premises. One other case a building had been over-insured and unoccupied for twelve years. The doors and windows were gone and it stands alone in a vast pasture; another building has been discontinued as a school and is being used as a private home. A few other buildings were over-insured and one or two under-insured. Other irregularities were exact location and misstatement in regard to construction of building. 14

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14 The above letter was sent the writer on a promise of supreme confidence. The letter is on file in the office of Prof. R.A. Moyers, Albuquerque, New Mexico

Seven municipal boards and three county school boards claim they follow no particular plan of distributing the business which might mean that the problem is not acute in their particular districts or else they refuse to recognize it.

Renewing with the present agent, as claimed by one county superintendent, usually results in maintaining the status quo as far as the amount of insurance is concerned. Usually this is the time for reducing the amount of insurance carried since it is a natural break in the insurance management. The claim of one superintendent, that he gives his business to the "cheapest", shows poor judgment or lack of information pertaining to how insurance rates are made up. Insurance rates are made up for this area by the Rocky Mountain Inspection Bureau and are applicable to all insurance

TABLE XI

METHODS FOLLOWED BY SCHOOL BOARDS IN DISTRIBUTING INSURANCE BUSINESS

Method	Municipal Board	County	Total
Equal Distribution Among Agents	23	16	39
According to the Amount of Taxes Paid by Each Agent	0	1	1
To One Agent and He Distributes	2	0	2
To One Company and Allow It To Reinsure	0	2	2
Cheapest	1	0	1
Renew With Present Agent	0	3	3
No Plan of Distributing	6	3	9
Total	32	25	57

companies except mutuals, and this superintendent claims he does not insure with them.

The plan of two county school boards of giving all business to one insurance company and allowing them to reinsure probably shows poor judgment because county school buildings are so scattered as to make it probable that the same company insures all risks. This amounts to placing all eggs in one basket and a poor choice of a company could result in an unnecessary risk on the part of the school board.

The practice of one county school board of distributing insurance business among the several agents according to the amount of taxes paid by the agent is to be commended. This makes it possible for the school board to call all agents in to a school board meeting and discuss their insurance problems. Other matters can be cleared, and, too, no agent will have a right to claim partiality because the money used to pay insurance premiums is tax collected and dividing the business according to taxes paid is fair to all. This method further makes it possible for the larger insurance agencies to get a larger proportion of the business than the smaller agency. The smaller agent, who might be very deserving, probably has not established himself as firmly as the larger and, this being true, is not as deserving although he might be as persistent.

It also answers the "stage worn" expression of spending money with local agents because outside agents will not

have paid any taxes. The local agent also is so located as to be easily available should he be needed immediately for some information. It is assumed in this discussion that no insurance business will be given to insurance companies not on the recommended list of the State Department of Insurance. Care must be taken to see that insurance is not divided into many different policies thus throwing an unnecessary and unfair burden on the clerk of the board who must keep the records straight.

Distribution of Premium Paying Dates

Distribution of premium paying dates is important from an efficiency standpoint. It involves bookkeeping, discussion, effective budgeting, and even safety. By safety is meant the possibility of a clerk's failing to notice a policy expiration and not renewing it and of a fire occuring while the policy is not effective.

In New Mexico, according to Tables XII and XIII, considerable time is spent in board meetings each year discussing insurance. Superintendents of municipal schools, as a general rule, did not attempt to answer the question in detail pertaining to the dates when premiums are due. Nine scattered their payments throughout the year, and the averages for those answering in detail was three and three-tenths times per year. This, however, does not present an accurate figure because ten schools, not counted here, claim their payments come due at various times. County superintendents

TABLE XII

DISTRIBUTION BY MONTHS OF PREMIUM PAYING DATES IN COUNTIES IN NEW MEXICO

County	No. of Policies	No. of Months During Which Payments Come Due
Bernalillo	75	12
Catron	8	8
Chaves	27	9
Curry	46	11
Colfax		
Eddy	39	11
Guadalupe	31	6
Grant	20	10
Harding	18	8
Hidalgo	14	8
Lea	23	10
Lincoln	32	11
McKinley	18	7
Mora	33	2 a
Quay		5
Rio Arriba	6	2 b
Roosevelt	27	11
Sandoval	18	4
San Juan	11	6
Santa Fe	42	8
Sierra	15	5
Socorro	34	10
Torrance	27	9
Union	85	12
Valencia	35	11

a-b Data incomplete in this respect.

were inclined to answer this question more fully and consequently a better picture of their practice can be obtained. The practice of having insurance policies expire all during the year makes it necessary for insurance discussion at most board meetings. One can see by Table XII that two counties take it up at each meeting and six have payments coming due during eleven months of the year; the average for twenty-

TABLE XIII

DISTRIBUTION BY MONTHS OF PREMIUM PAYING DATES IN MUNICIPAL SCHOOLS OF NEW MEXICO

Municipal	No. Of Policies	No. Of Months When Payments Fall Due	Remarks
Alamogordo	22		Scattered
Albuquerque			Various Dates
Anthony			First
Aztec	11	4	
Artesia			No particular day
Belen			No regular order
Carlsbad			No reply
Clayton	39	8	
Clovis			July 1
Columbus	3	2	
Deming			Various
Dexter			Various
Elida	17	5	
Espanola		1	
Estancia	8	2	
Gallup	54		Various
Grenville	5	3	a
Grants			
Hagerman			Various
Hatch Mun.			November 2
Hot Springs			No reply
Hurley			No insurance
Las Cruces M	28	8	
Las Cruces U			No reply
La Joya	2	1	
Lake Arther	2	1	
Las Vegas	55	7	
Lordsburg	3	3	
Magdalena	4	2	
Mosquero		1	
Mountainair		3	
Portales			All during year
Raton		2	
Roswell			No reply
Santa Fe			No reply
Santa Rita			Owns no buildings
Springer			Various
Taos	4	2	
Texico	11	4	
Tucumcari		1	
Virden	6	3	
Wagon Mound		2	

a All premiums to be so they will come due January 1

four counties reporting is 8.4 times per year. This probably means considerable time is devoted to it during each meeting or else no time is given to it, it being left to the discretion of the superintendent.

Seven municipal schools, as shown in Table XIII, have all premium payments come due once annually. This practice cannot help but bear fruit as far as efficiency is concerned. It means once annually the school board can devote an entire session to insurance. At that time the agents can be called in to advise the members and a much more efficient procedure can be developed. After the session thoughts of the school board members can be devoted to other matters and the insurance problem entirely forgotten. Any policy changes can be made at that time, and the school board need not feel that they are making inconsistent decisions because they do not make them but once each year. Furthermore, every time the problem of insurance is brought before the board it makes an opening for some agent to set forth his ideas and the annual meeting would mean all agents could be present and a sound discussion be brought out when these ideas are presented.

Term

Contrary to what most people think "it has been largely through investments that insurance companies have made their profits...."[15] It is this fact, plus the fact that it means

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15 Holmes, Op. Cit., P.23

more business for the insurance companies, that makes it possible for insurance to be purchased over a long term basis at a substantial savings for the insured.

School building insurance may be written for a term longer than one year at the following multiples of the annual rate: two years--one and three-fourths times the annual estimate; three years--two and one-half times the annual estimate; four years--three and one-fourth times the annual estimate; and five years--four times the annual estimate.

Even though the primary purpose of insurance companies is to get more money for investment purposes "arrangements can usually be made with the companies to pay a part of the premium each year."[16] This makes it possible for all school boards, regardless of finances, to take advantage of the savings created by long term buying.

Thirty-four municipal and twenty-seven county superintendents answered the question pertaining to the term for which their insurance was written. Three of the municipal and eight county school boards reported having policies some of which were written for three years and some for five which might indicate a process of revision. One county school board reported that the change was being made as rapidly as funds would permit. This, however, is not necessary because

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16 W.H. Morton, (School Property Insurance) School Executive, 52:306, March, 1932.

premiums can be paid by installments.[17]

Twenty-two municipal and seven county boards take advantage of the reduction in premium offered to those who will write three year policies instead of one, and three of the municipal systems write their policies for a five year period. Twenty of the municipal and county schools write policies over a period of one year and one county superintendent congests the payments by writing for a term of one and one-half years. Twenty school boards, or 33 per cent of the school boards reporting, are writing their policies for the one year period. These school boards represent 33 per cent of the school boards participating, and if they represent 33 per cent of the total insurance expenditure, it means a total saving of approximately $9000 could be made by re-writing the policies for the five year period.

TABLE XIV

TERM FOR WHICH INSURANCE IS PURCHASED

Length of Time	Municipal	County	Total
Five Years	3	0	3
Three Years	22	7	29
One and One-Half	0	1	1
One Year	9	11	20
Part of Policies For 1 Year and Part For 3 or 5 Years	3	8	11
Total	37	27	64

17 Holmes concurs with Morton in stating premiums can be paid annually even though taken over a longer period of time. Many superintendents believe this impossible.

Policies should be written in such a manner as to have approximately one-fifth of the insurance come due each year. This assures an equal amount of money being budgeted each year which is important to those drawing up the budgets. Insurance purchased over a period of five years costs 80 per cent of the annual rate.

Just how the insurance should be purchased so as to have one-fifth of it come due each year is a problem that needs some attention. The following steps should be followed in their order. Assuming that the net value for insurance purposes has been determined the board should:

1. Cancel all existing policies which are not in line with the following plan.
2. Write one-fifth of the insurance for one year; one-fifth for two years; one-fifth for three years; one-fifth for four years; and the remaining one-fifth for five years.
3. As each policy becomes due for renewal write it for a five year period. At the end of four years the system will be in full force.
4. If one-fifth of the insurance carried on each building comes due annually it is quite easy to decrease building values each year if desireable.

Writing insurance in this manner also makes it possible to have all premium paying dates come due at the same time each year.

Efficiency

Sound school administration demands that school boards adopt policies in their business practices that will give "value received" for every dollar spent by them. Taxpayers have a perfect right to demand that school boards take steps to eliminate false economies and slovenly business practices. If these better business policies are not to be a part of the school board policies then a change should be brought about.

Better efficiency standards approach the problem of fire insurance from the side of prevention of losses, elimination of risks, and wiser manipulation of training on the part of the superintendent of schools. A sound efficiency program will necessarily involve close study of: (1) term of insurance, (2) coinsurance, (3) errors in valuations, (4) insurance plan, (5) policy rider, and (6) an examination of the rating schedule.

"The path to lower insurance costs is taking advantage of its technicalities and eliminating the speculation and guess work by basing insurance on dependable appraisals."[19]

It will be the purpose of this phase of the study to study efficiency from the viewpoint of: (1) examination of rating schedules, (2) policy riders, and (3) records. Every part of insurance might well be discussed as a part of efficiency but after due consideration they have been discussed under other sections.

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19 Holmes, Op. Cit., P.24.

Rating Sheets

Rates on buildings in New Mexico naturally would be high in some localities and low in others. This is brought about because the type of construction varies from the tumble down shacks, called school buildings, to modern buildings. In some localities there is no fire protection other than the bucket brigade; no full time janitor to maintain a building; no water in many cases after the cistern goes dry; and no thought given at all to the problem at hand, while others boast of up-to-date fire departments, who keep a constant check on building maintenance as well as fire prevention studies.

The following table shows that fully half of the superintendents of both the municipal and county systems are not familiar with the rating sheets made up by the inspection bureaus that show specifically how the rate is made up.

TABLE XV

REPORT OF BOARDS STUDYING RATING SHEETS

School	Yes	No	Total
Municipal	22	23	45
County	13	10	23
Total	35	33	68

Very little study is given to the make-up of the rates paid on a building other than recognizing that they are high. School boards insuring their buildings can usually lower the

rates if they will write to the inspection bureau for what is known as the make-up, or rating, sheets. Insurance companies are glad to send out these rating sheets because reducing the fire hazard reduces the risk they are carrying when they insure the building. This make-up sheet lists the base rate and then lists specifically all charges added to the base rate for additional hazards due to occupancy, structure, and location; it then deducts from the base rate all credits due to additional protection such as fire extinguishers. Each make-up sheet then includes a list of "after charges" which are hazards due to poor housekeeping, poor electric wiring, inadequate protection of stoves, electric irons, use of blow torches, manual training shops, home economics rooms, and the like. Many of these after-charges can be corrected for a small amount of money and the rate reduced accordingly. It has been found that in many cases the saving in premium will in itself amount to enough to pay for the necessary repairs. Besides the economic factor there is the safety factor which is by far the more important.

Policy Riders

Policy riders attached to a policy modify the policy to the extent that everything in the regular policy is effective if it does not contradict provisions made in the rider itself. All school building fire insurance in New Mexico is written on the Standard New York State 200 line policy and if riders are not attached the policies read the same on every building and in every school system. Should any school

board desire to make a change in the contents of the policy affecting any of their school buildings it is necessary to attach a rider thereto specifying the desireable change.

A study of Table XVI shows that most school officials either failed to read their policies or have attached riders to the policies. Thirty school boards report blackboards as insured under the heading "contents" while the policy specifically ready that blackboards are a part of the building. Thirty-eight report the same for fixed furniture, and thirty-five for clocks. All of these are definitely listed in the policy as "building", the latter if attached to the wall or a part of a buzzer system.

Fifty schools report desks as "contents". This item, if properly handled, is frequently listed as a part of the building by the use of a policy rider stating the fact. The rate on "contents" is considerably higher than that on the building, hence the change is desireable. Certainly no school board should reverse the procedure and insure the permanent features, like blackboards, as a part of the contents at the higher rate. It, however, is a case of not reading the terms of the policy, which is equally bad, that caused superintendents to report blackboards as "contents".

School boards should confer with their agents about this matter when they are writing their policies. A first rebuff should not be allowed to turn them aside because agents themselves frequently do not know what the underwriters will say if a change is asked. Not knowing, they will immediately say

"impossible" or words to that effect, and a faint hearted superintendent or school board will probably lose some money because he thinks the rates cannot be reduced. School men who have studied insurance frequently know their rights to such an extent that they seemingly get many concessions from insurance underwriters which is not the case because the underwriters will made the same concessions, so called, to any other providing the conditions are the same.

TABLE XVI

ITEMS REPORTED AS INSURED UNDER THE HEADING "CONTENTS" BY MUNICIPAL AND COUNTY SCHOOLS

Items	Municipal Schools Reporting	County Schools Reporting	Total
Blackboards	18	12	30
Desks	32	18	50
Fixed Furniture	22	16	38
Clocks	26	9	35
Sweeping Machines	13	2	15
Stoves	27	10	37
Sewing Machines	30	11	41

Records

Insurance records, properly kept, show at a glance everything a school board might desire to know about what they are doing in matters pertaining thereto. These records, like any other well kept records, show the efficiency of the individual in charge as well as the businesslike attitude he adopts. No person can be expected to keep the information in his head and recall the proper ideas at such times as they might be

needed.

As explained in an earlier part of this chapter the records, if any at all, from which the information used in this study was taken were rather poorly kept and inadequate. Most of the information was taken directly from the insurance policies themselves. A few superintendents wrote that they would have to get the information directly from the agent, while in two cases superintendents reported they had not the slightest idea where the information could be found. The fact that two reports were sent from one school board, one filled out by the clerk of the board and the other by the superintendent, indicated a lack of adequate records because the figures given on the questionnaires by the two individuals did not coincide.

A study of the master sheet found in the Appendix of this thesis shows that a very high percentage of the information sought was available. In a few instances it was possible to study the practices of all schools and in a few instances it was possible for a school to make a comparative study of its own practices and those of other school boards. The mere fact that very few schools were able to give the information sought is in itself indicative of the absences of records.

Insurance records, according to Viles, "should show the amounts and types of coverage on each building and for each individual policy, they should show the serial number, company, agent, building, amount and type of coverage, premium paid with refunds if any, term and expiration date. The

record shouls also show the amount of insurance allotted each agent and contain a complete inventory of all school property and the value thereof".[20]

Insurance Inspection

A sound insurance technique should also provide for a definite inspection of the building, preferably about twice each year. One inspection should be made just before the Christmas holidays and the other in the spring. Inspections should include a detailed check of the building by a committee which might include a teacher, pupils, and a layman. The city fire chief might be called in to assist with the inspection.

The inspection should include training of pupils in the value of fire protection, making orderly exits, and even urging inspection of their own homes by using a fire inspection card furnished by the school. Pupils should be taught to not only inspect but also to try and overcome some of the hazards found.

Summary

The following summary is a recommended technique for school boards to follow when insuring public school buildings.

1. Establish a sound net insurable value of all buildings after having an appraisal made by an insur-

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20 N.E. Viles, Op. Cit., P.

ance inspector or by a bonafide appraising firm.

2. The hazards peculiar to certain sections of the country determine the kind of insurance to carry.
3. Non-fire resistive buildings should be fully covered.
4. Coinsurance offers a splendid opportunity for a saving, but it should be thoroughly understood by the insured.
5. Distribute insurance in sound companies with agents according to amount of taxes paid by the individuals.
6. Insurance policies should be written for five year periods, and all expire at the same date each year.
7. Make-up sheets will suggest means of reducing rates.
8. Study the several items now insured as "contents" with the view to changing them to "building" insurance.
9. Keep simple but complete records.
10. Inspect regularly and create a spirit of fire consciousness in the student body.

CHAPTER III

Conclusions

The prosecution of this study has brought many interesting facts to light--facts concerning the efficiency of the methods pursued by school men as well as those pertaining to their personalities. Some superintendents considered this study an opportunity to learn a few things which they readily admitted were not known by them while others apparently felt they should reveal nothing less they expose a faulty procedure. It has not been the aim of this study to unjustly criticize school officials, but when some of the procedures are closely studied the fact is driven home that if all $100,000 phases of public school administration are as unwisely handled as this one, then the taxpayers have a perfect right to demand better business methods before approving more money to be inefficiently spent.

Conclusions drawn bear directly on the topic and as directly answer the problem set up in an earlier chapter.

1. Insurance records of the nature recommended in the chapter on technique are not available. Very few superintendents were able to go to any central record and get the information. Several wrote that they were writing their insurance agents for the answers while others said they knew of no place to go for the requested information.

2. Heretofore, insurance has not been considered of sufficient importance to warrant time and study necessary to administer the program. Board members, men who are successful in their own business, show practically no interest or knowledge when school insurance is involved.
3. Superintendents, men hired as executives, generally do not know the ramifications of insurance. For advice they go to the agents themselves, men who cannot be absolutely free of bias, and pass the information they receive on to the board of education who equally trusting adopts the recommendation in toto. Rating sheets in 50 per cent of the cases were unheard of as was coinsurance. The fact that buildings are classified according to structure meant nothing in many cases, as did the methods of arriving at values and appraising buildings and contents.
4. Insurance policies are not read. This is evident from the fact that most respondents failed to state accurately the contents of the policies. Most of them did not know "fixed furniture" was classified as a part of the building and fewer seemed to take cognizance of lines in the contract which make and appraisal necessary if a disagreement over a loss occurs.
5. Generally speaking the problem of insurance has been

a side issue, one of sufficient importance to warrant study; this was true in spite of the fact that several hundred dollars in premiums were paid and one of the largest investments in the city was being handled as a chess player would a pawn.

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APPENDIX

INSURANCE PRACTICE QUESTIONNAIRE

Dear Sir:

In order to secure essential information pertaining to "Insurance Practices" of Schoolboards of New Mexico, it is necessary to have your assistance by filling out the following questionnaire. Information supplied will be treated as confidential, and a summary of the findings will be sent to all persons who aid in the prosecution of the study. A stamped self-addressed envelope is enclosed for your convenience. Your cooperation will be greatly appreciated.

Respectfully yours,
OWEN O. SABIN.

	Buildings		Original Cost		Present Values (2)		Amount of Insurance		% Coinsurance (3)		Average Rate		Premium Paid		Length of Term		Kind of Insurance (5)		Day of Month Premiums Are Due	
	Type (1)	Age	Bldg.	Contents	Bldg.	Contents	Bldg.	Contents	Bldg.	Contents	Bldg.	Contents	Bldg.	Contents	Bldg.	Contents (4)	Bldg.	Contents	Bldg.	Contents
1.																				
2.																				
3.																				
4.																				
5.																				
6.																				
7.																				
8.																				
9.																				
10.																				
11.																				
12.																				
13.																				
14.																				
15.																				
16.																				
17.																				
18.																				

1.—Insurance companies classify risks as A, B, C, D, or E. (With the exception of this question and the questions pertaining to value all answers can be found on the Insurance policies. However, it must be remembered that most buildings have more than one policy involved.

2.—How much would it cost to replace the building in question or to put it in as good condition as it is at present.

3.—This refers to the small rider attached to your policy which allows you a reduction in rate and makes the insurer a coinsurer of the risk.

4.—Five years, three years, one year, perpetual.

5.—Use symbols (F) fire; (H) hail; (TH) theft; (T) Tornado; (E) earthquake, or whatever kind of insurance carried.

(Over)

1.—Do you insure with Mutuals? Yes _____; No_____. (Check correct answer).

2.—When did you last appraise your buildings? _____ (Date).

3.—Who appraises your buildings? School board_____; Superintendent_____; Contractor_____; Combination Contractor and Real Estate agent_____; Insurance agent_____; Auditor_____; Appraising firm _____; or_____. (Check correct answer).

4.—How did you arrive at what you gave as present value? (Use bottom of this page if necessary).

_____

_____

5.—How do you determine who writes your insurance? Equal distribution among agents _____; According to the amount of taxes paid by agent_____; To one agent and allow him to distribute____; To one company and allow them to reinsure_____; or _____; (Check one).

6.—What kind of policies do you carry? Specific___; Blanket___; Specific schedule__(Check one) (1)

7.—Do you carry group, or annuity insurance? Yes_____; No_____; (Check one).

8.—Do you carry Insurance on your school buses? Yes_____; No_____; Have no buses_____; Require drivers to insure_____; (Check correct answers).

9.—Do you carry surety bonds on Supt._____? Clerk_____? President_____? Other Members_____? (Indicate which)

10.—Do you as superintendent carry surety bonds on student activity, or extra-curricular activity funds? Yes_____; No_____; (Check correct answer).

11.—Do you carry rain or snow insurance on athletic contest, Class plays, or similar events? Games_____; Class plays_____; Other events_____; (Check correct answer).

12.—Do you insure your athletes? Yes_____; No_____; (Check correct answer).

13.—Have you had an opportunity to study your rating sheets and find out what determines the rate of insurance you pay? Yes_____; No_____;(Check one).

14.—Please check which of the following items you insure under the heading CONTENTS. Blackboards_____; Desks_____; Fixed furniture_____; Clocks_____; Sweeping machines_____; Sewing machines_____; Stoves_____. (Check appropriate items).

(1)—A Specific policy is a policy written for a specific amount on property to be covered.

—A Blanket policy is written in a way to make one policy cover several buildings. No policy has specific coverage but protection is applied to the point of loss.

—A Specific Schedule policy is one covering several buildings and the coverage is specific as to buildings and items of property.

_____

Person Responsible for Filling Out Form.

Master Sheet (County School Districts) Section 1

County	Original Cost Bldg.	Original Cost C'tents	Present Value Bldg.	Present Value C'tents	Amount of Insurance		% Coin-Surance	Term of Policies	Number Premium Dates	Kinds of Insurance	Status of Mutuals	When Appraised	Who Appraised Buildings
Bernalillo					149,075	16,785		1/3	Various	F	No	None	
Catron	23,100	2,500	15,000		15,000			1	Various	F	No	1934	School Board
Chaves			3		31,950	6,250		3	Various	F	No	Various	Ins. Agent
Colfax			186,250	30,900	109,163	23,695		1/3	Various	F	No	?	Ins. Agent
Curry	148,900		148,900		143,250			1/3	Various	F.H.T.	No	1935	
De Baca					26,900			1	Various	F.T.	No	?	Supt., ~~Ins. Agent~~
Eddy	95,600		76,400		28,525			3	Various	F	No	?	Supt.
Guadalupe	84,400	7,175	49,950	4,650	39,600			3	Various	F	Yes	1935	Ins. Agent
Grant	84,000		59,600		4			1	Various	F	No	1935	School Board
Harding	79,500	5,400	65,200	4,650	34,450	5,100		1	Various	F	No	1935	Supt.
Hildago	35,500	5,300	31,900	400	24,450	300		1	Various	F.H.L.	No	?	
Lea			45,250	10,600	45,100	10,600		1	Various	F	No	Various	Ins. Agent
Lincoln			3		55,450	8,060		1	Various	F.T.			Ins. Agent
McKinley			18,200	7,200	17,800	7,100		1	Various	F	No	1933	S.B. & Ins. Agent
Mora			3		44,200	9,355		3		F	No	?	
Quay	352,500	34,800	256,750	26,250	191,350	13,200	Some Bldgs.	1½	One	F.H.T.	No	1936	S.B. & Appr. Firm
Rio Arriba	88,700	11,350	82,000	10,200	62,950	9,610		1/3	Various	F.H.	No	?	S.B. & Supt.
Roosevelt			3		108,560			3	Various	F	No		School Board
Sandoval			17,550	5,250	17,650	5,000		1/3	Various	F.H.T.	Yes		S.B. & Appr. Firm
San Juan	27,400	2,740	31,750	3,300	20,340	1,000		3	Various	F	No	?	Supt.
San Miguel											Yes	Annual	Supt. & Ins. Agent
Santa Fe	211,950		209,000		158,350	9,650		1	Various	F	Yes	1935	S.B. & Ins. Agent
Sierra					25,500	5,050		1	Various	F	No		
Socorro	240,900	10,400	94,053	[2]	94,055	12,800		3	Various	F	No		Ins. Agent
Torrance			68,700	12,700	74,850	14,300	Some Bldgs.	1/3	Various	F.H.T.	No		Supt.
Union					211,450			1	Various	F	Yes	?	
Valencia					149,400			3	Various	F			

[1] School board assisted by appraising firm.
[2] Four buildings were not included in "Present Value" column because they were not given.
[3] County superintendents reported they were unable to give "Present Values".
[4] Unable to separate "Content" insurance from "Building" insurance because they were given as one.

Master Sheet (County School Districts) Section 2

unty	How Do You Fix Pres. Val?	How Do You Distribute Business?	What Kind Of Policies Are In Force?	Do You Insure Teachers?	Who Insures The Busses?	On Whom Do You Carry Bonds?	Activity Fund Ins.	Rain Or Snow Ins.	Athlete Ins.	Rating Sheets	Check Items Ins. as "Contents" BB.	D.	F.F.	C.	S.M.	S.	S.M.
rnalillo		Eq. Distrib.	Spec. Sch.	No	Board	All		No			*	*	*	*			*
tron	Estimate	To Be Rein.	Specific	Yes	No	All	NO	NO	NO	NO			*				
avez	O.C.- Dep.	Eq. Distrib.	Specific	No	Board	All	NO	No	No	No			*				
lfax	Per.Knowl.	No Plan	Specific	No	Board	All	No	No	No	No							
rry	Estimate	Eq. Distrib.	Specific	No	Board	All	No	No	No	No	*	*		*		*	*
Baca	Records	Eq. Distrib.		Yes	Board	All	No	No	No	Yes			*				
dy	Estimate	No Plan	Specific	No	Drivers	All	No	No	No	Yes		*				*	
ant	2% Dep.	Eq. Distrib.	Specific	No	Drivers	All	No	No	No	Yes	*	*	*	*			*
adalupe	Dep.	Eq. Distrib.	Specific	No	Board	All	No	No	No	No	*	*				*	
rding	Estimate	Eq. Distrib.	Specific	Yes	Board	All	No	No	No	Yes		*	*	*			*
ldago	½ O.C.	Eq. Distrib.	Specific	No	Board	All	No	No	No	No	*	*	*	*		*	
a	Estimate	No Plan	Specific	No	Board	All	No	No	No	No	*	*	*	*		*	
ncoln																	
Kinley	Re. Value	Eq. Distrib.	Specific	Yes	Drivers	All	No	No	No	Yes		*		*		*	*
ra	No Method		Specific			All	No	No	No	No	*	*		*		*	
ay	R.V.	Eq. Distrib.	Specific	Yes	Drivers	All	No	No		Yes				*	*	*	*
o Arriba	O.C.- Dep.	Acc. To Taxes	Specific	Yes	Drivers	All	No	No		Yes	*	*	*	*		*	
ndoval	No Record		Specific	No	No	All	No	No	No	No	*	*	*			*	
n Juan	O.C.+R.-Dep.	Eq. Distrib.	Specific	No	Drivers	All		No	No	Yes		*	*				*
n Miguel	Estimate	Eq. Distrib.	Specific	No	No	All	No	No	No	No	*	*	*			*	
nta Fe	R.V.- Dep.	Eq. Distrib.	Specific	No	Board	Supt.	No	No	No	Yes	*	*	*			*	*
erra		To Be Rein.	Specific		Board	All		No				*	*		*		*
ocorro		Eq. Distrib.	Specific		Board	All	No		No	No	*	*	*				*
rrance	Estimate	Eq. Distrib.	Specific	No	No	All	No		No	Yes		*					
ion	Status quo	Eq. Distrib.	Specific	No	Board	All	No	No	No	Yes							
lencia																	

gend: BB.-Blackboards; D-Desks; F.F.-Fixed Furniture; C.-Clocks; S.M.-Sweeping Machines; S.-Stoves; S.M.-Sewing Machines
O.C.-Original Cost; R.V.-Replacement Value; Dep.-Depreciation; R.-Repairs; Per. Knowl- Personal Knowledge

Master Sheet (Municipal School Districts) Section 1

	Original Cost Bldg.	Original Cost C'tents	Present Value Bldg.	Present Value C'tents	Amount of Insurance		% Coin-surance	Term of Policies	Kinds of Insurance	Number Pre-mium Dates	Status of Mutuals	When Appraised	Who Appraised Buildings
	94,000	40,000			90,100	7,650	80	3	F.H.L.	22	No	1932	Contractor
e	1,162,300		1,075,900	86,900	933,300	72,600	80	3	F		No		
	80,000		75,000	12,000	56,000	9,000	No	3	F	1	No	1934	School Board
	59,000	12,500	57,000	12,500	56,000	1,800	90		F		No	1931	Auditor
	135,837	14,500			133,500	17,200	No	3	F & Gas		No	1933	Contractor
	99,000	14,900	82,000	11,700	80,000	12,500	Yes	3	F	Various	No	1933	School Board
	149,000	23,600	131,000	16,500	98,000	16,080	90	3	F		No	1934	Contractor
					163,000	21,000	50/80		F	Various	No		
	257,000	5,000	162,500	4,000	185,000	4,000	80	3	F	1	No	1934	Contractor [1]
	10,800	900	10,350	2,650	10,800	2,200	No	1	F	Various	No	1935	School Board [1]
	All buildings owned by Phelps-Dodge Corporation												
					81,600	9,250				Various	No	1934	School Board
s											No	1935	Ins. Agent[1]
	Could not find answers												
	69,000	17,150	50,000	15,600	44,400	10,000	No	3	F	Various	No	1933	Contractor [1]
	91,000	19,500	99,500	18,500	65,000	7,500	No	1/3	F & Exp.	Various	No	Ann.	School Board[1]
	9,000	3,000	8,000	2,500	5,000	None	No	3	F	1	No	1936	School Board[1]
		18,500	58,500	8,000	46,700	11,300	80/50		F.H.T.	2		1926-27	School Board[1]
	289,000		181,700	44,500	184,750	50,000	90	3	F & Exp.	Various	No	1935	Ins. Appr.
											No	Cons. Time	School Board[1]
	35,000	3,200	33,500	2,000	40,000	3,000	No	3	H.T.F.	Various	No	None	Ins. Agent
	73,000	7,300	62,000	6,500	62,000	6,000	100	3	F	Various	No	Annual	Supt.&Ins.Agt.
	22,000	4,250	14,500	2,800	12,500	2,700		1	F.H.T.	1	Yes	1935	Auditor[1]
	34,304	5,441	31,189	4,273	27,000	2,000	No	3	F	1	Yes	1935	Auditor
	All buildings in litigation												
	Numerous overlapping policies made it impossible to determine answers												
gs	32,000	8,000	26,000	9,000	18,000	5,000			F		No	1934	School Board[1]
	All buildings owned by Chino Copper Company of Nevada Consolidated												
s	121,397	17,067	101,895	15,630	92,000	14,050	Yes	3	F	Various	Yes	1935	Contractor
s U.	115,000	38,000	116,000		92,000		80	3	F		Yes	1932	Appr. Firm
	15,000	3,000	21,107	4,970	13,650	1,870	No	1	F		Yes	1928	School Board
ur	38,982	7,550	39,000	15,100	32,000	4,000	No	3	F & T	1	No		Appr. Firm
	203,000		205,000	12,500	164,000	10,000	80	5	F	Various	No	1931	Auditor
	160,000	25,000	110,000		110,000		No	3	F	Various	No	1935	Auditor
	34,000	15,000	23,000	11,500	19,000	10,000		3	F	2	No	1935	School Board
	56,000	6,500	45,000	4,000	36,000	2,000		3	F & T	2	No	1935	Ins. Agent
	30,000	2,000	18,000	2,000	16,500	None	No	1	F	1	No	Annual	Ins. Agent
ir	60,000		50,000	5,000	42,000	6,000	N	2	F	Various	No		Ins. Agent
			165,000		108,250	7,700		1	F & T	Various	No	1933	Contractor
			137,000	2,665	140,000		80	3	F	2	No	1933	School Board
			375,000	36,500	337,500	32,850	90	5	F		Yes	1933	School Board
			367,777	29,111	351,000	26,200	90	5	F		Yes	1933	Architect
a	All buildings owned by corporation												
ty			103,000	15,000	105,000			3	F				
	88,500	18,000	71,000	9,976	56,000	8,000		3	F	Various	No	Unknown	Ins. Agent
	32,700	7,000	15,000	3,000	15,000	3,000	No	1	F	2	No	1935	School Board[1]
	27,300	2,300			20,800	2,300	No	1	F.H.T.	Various	No		School Board[1]
			199,000	13,860	137,600	11,500	80		H.F.T.	1	No	1934	Architect
	17,700	2,340	12,000	1,400	9,700	1,050	No	1	F	Various	Yes	1935	School Board
nd	65,000	8,000	45,000	6,000	39,000	5,000		3	H.F.T.	Various	No	1931	Ins. Agent

[1] Board assisted by superintendent and contractor. Legend: F-Fire; H-Hail; T-Tornado; L-Lightning; G-Gas; Exp-Explosion

Master Sheet (Municipal School Districts) Section 2

City	How Do You Fix Pres. Val?	How Do You Distribute Business?	What Kind Of Policies Are In Force?	Do You Insure Teachers?	Who Insures The Busses?	On Whom Do You Carry Bonds?	Activity Fund Ins.	Rain or Snow Ins.	Athlete Ins.	Rating Sheets	Check Items Ins. as "Content" BB.	D.	FF.	C.	S.M.	S.	S.M.
Alamogordo		Eq. Distrib.	Specific	Yes	No	Cl. Pres.	No	No	No	Yes							
Albuquerque			Specific	Yes		Cl. Others	Yes	No	No	Yes		*		*	*		*
Anthony		To Be Reins.	Specific	No	Drivers			No	No	Yes		*		*	*		*
Aztec		Eq. Distrib.	Specific	No	Drivers	Cl. Pres.	No	No	No	No		*		*	*		*
Artesia			Specific	No			Yes	No	No	No		*		*		*	*
Belen	Rough Estim.	Eq. Distrib.	Specific	No		Cl. Pres.	No	No	No	No	*	*		*			*
Carlsbad	R.V.-2% 15 Yrs.	No plan			No	All	No	No	No	Yes					*	*	*
Clayton	R.V.	One Agent	Specific	No	Drivers	Cl. Pres.	No	Once	No	Yes					*		*
Clovis	Detailed Est.	Eq. Distrib.	Blanket	No	Drivers		NO	No	No	Yes							
Columbus	R.V.	To Be Reins.	Specific	No	No	Cl. Pres.	No	No	No	Yes	*	*	*			*	
Dawson																	
Deming	O.C.-3%	Eq. Distrib.	Specific	Yes	Drivers	Cl. Pres.				Yes							
Des Moines		To Be Reins.	Spec. Sch.		Drivers		No	No	No	No	*	*	*	*		*	*
Dexter		Eq. Distrib.	Specific	No	Drivers	Cl. Pres.	No	No	No	Yes	*	*	*	*		*	*
Elida	O.C.+ R.-Dep.		Specific	No	Board	None	No		No	No							
Espanola		Eq. Distrib.	Specific	No	No	Cl. Pres.	No	No	No	Yes	*	*	*			*	
Estancia	R.V.	Eq. Distrib.	Specific	No	No	None	No	No	No	No	*	*	*	*		*	*
Gallup	R.V.- 2%	Eq. Distrib.	Specific	Yes	No	Cl. Pres.	No	No	No	No		*				*	*
Grants	O.C.	Best & Ch'p	Specific		Drivers	Cl. Pres.	No			No		*	*	*		*	*
Grenville	O.C.- Dep.	Eq. Distrib.	Specific	No	Drivers	Cl. Pres.	No	No	No	Yes					*		*
Hagerman	R.V.- Dept.	Eq. Distrib.	Specific	No	Board	Cl. Pres.	No		No	Yes		*	*			*	*
Hatch	R.V.	Eq. Distrib.	Specific	Yes	No	Cl. Pres.	No		No	Yes	*	*	*	*		*	
Hatch U.	Dep.	No Plan			Drivers	Cl. Pres.	No		No	Yes	*	*	*	*		*	*
Hobbs																	
Hope																	
Hot Springs	Dep. 5% Ann.	Eq. Distrib.	Specific	No	Drivers	Cl.	No	No	No	Yes		*				*	*
Hurley							No	Should	No	No	*	*	*	*	*	*	*
Las Cruces	R.V.	No Plan	Specific	No	None	None	No	No	No	Yes		*		*		*	*
Las Cruces U.	O.C.- Dep.	No Plan	Specific		Drivers	Cl. Pres.	No	No	No	No		*		*		*	*
La Joya	O.C.	To Be Rein.	Specific	Yes	No	Cl. Pres.	No	No	No	No	*	*	*	*	*	*	*
Lake Arthur	O.C.	To Be Rein.	Specific	Yes	Board	Cl. Pres.	No	No	No	Yes	*	*	*			*	*
Las Vegas	R.V.- Dep.	Eq. Distrib.	Spec. Sch.	No	No	None	No	No	No	Yes							
Lordsburg	10% Dep. 5 yrs	Eq. Distrib.	Specific	No	Drivers	Cl. Pres.	No		No	Yes	*	*	*	*	*	*	*
Magdalena	O.C.- Dep.	To Be Rein.	Blanket	No	No	Cl.	No	No	No	No	*	*	*	*			
Melrose	Estimate	Eq. Distrib.	Specific	No	No	Cl. Pres.	No	No	No	No		*	*				
Mosquero	O.C.- Dep.	One Agent	Specific	No	No	Cl. Pres.	No	No	No	No			*				
Mountainair		Eq. Distrib.	Specific	No	Drivers		No	No	No	No	*	*	*	*	*	*	*
Portales	R.V.- 2% Ann.	Eq. Distrib.	Specific	No	No	None	No	No	No	No		*		*			*
Raton	R.V.- Dep.	Eq. Distrib.	Blanket	No	Drivers	All	Yes	No	No	Yes	*	*	*	*	*	*	*
Roswell	Pres. Value	No Plan	Specific		No		No	No	No	Yes				*			*
Santa Fe	R.V.- Dep.	Eq. Distrib.	Spec. Sch.	Yes	No	None		No	No	Yes							
Santa Rita				No	None	Cl. Pres.	No		No	No	*	*	*	*		*	
Silver City																	
Springer	Ann. Audit	Eq. Distrib.	Specific	No	Drivers	None	No	No	No	No	*	*	*	*	*	*	*
Taos	O.C.- Dep.	Eq. Distrib.	Specific	No	No	All	No	No	No	No		*	*	*	*	*	*
Texico	O.C.- Dep.	To Be Rein.	Specific	Yes	No	Cl. Pres.	No	No	No	No						*	*
Tucumcari	R.V.	No plan	Spec. Sch.	No	None	Cl. Pres.	No	No	No	Yes							
Virden	O.C.- 20%	Rep. of Co.	Specific	No	No	Cl. Pres.	No	No	No	No		*		*		*	
Wagon Mound	O.C.- Dep.	Eq. Distrib.	Specific	No	No	All	No	No	No	No	*	*	*	*	*	*	*

Legend: BB-Blackboards; D-Desks; FF-Fixed Furniture; C-Clocks; S.M.-Sewing Machines; S-Stoves; S.M.-Sweeping Machines
Dep.-Depreciation; O.C.-Original Cost; R.V.-Replacement Value;

Date Due

Nov 1, 1939			
aug 5 '42			
Aug 4			
4-21-43			
5-26-44			
5/3/44			
JUN 0	1958		
JUN 6	1958		
JUN 1 6 RECD			
DEC 2 2	1958		
DEC 2 0 RECD			