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### Comparison of Insurance Premiums and Losses on Publicly Owned Property in New Mexico

Irvin P. Murphy

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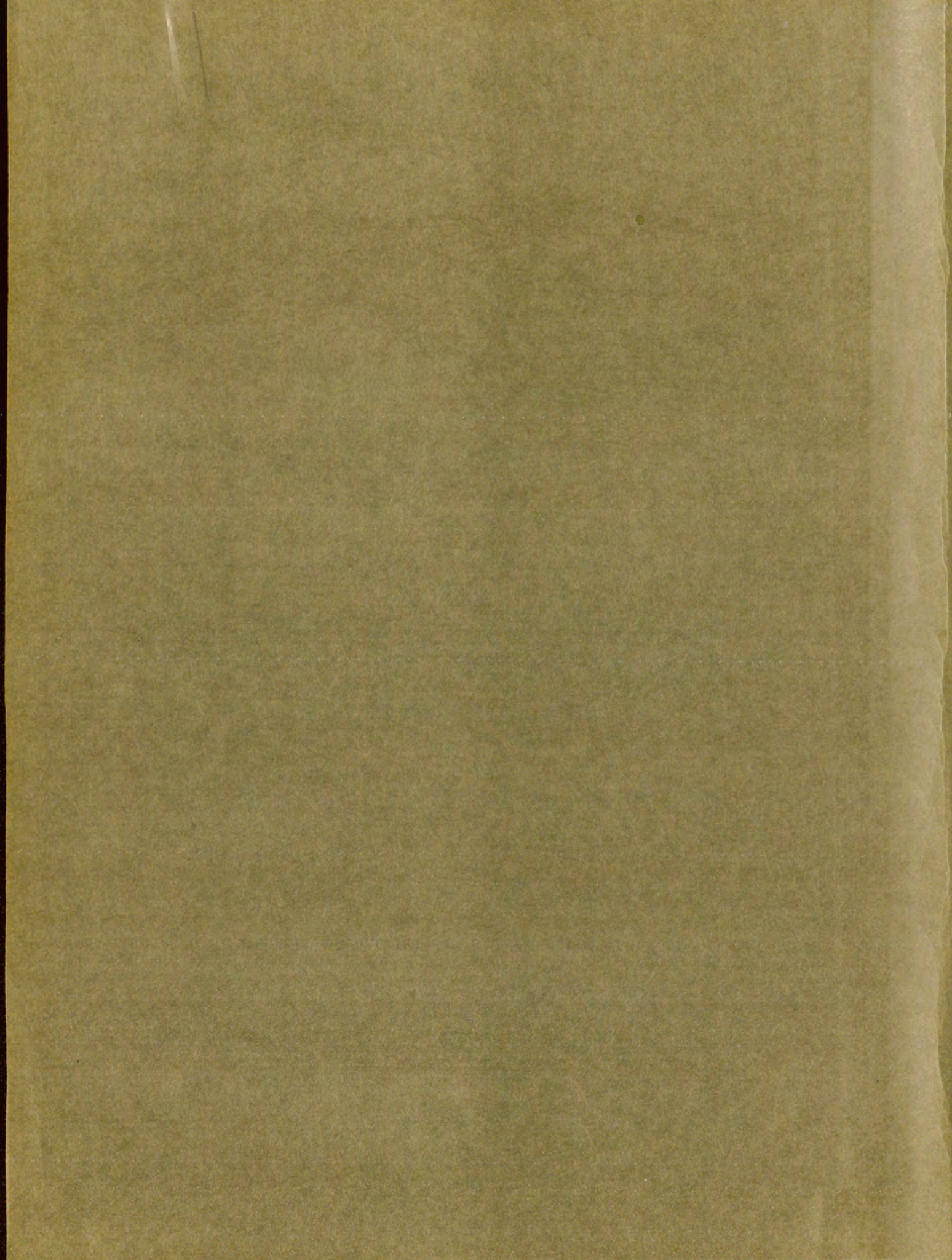
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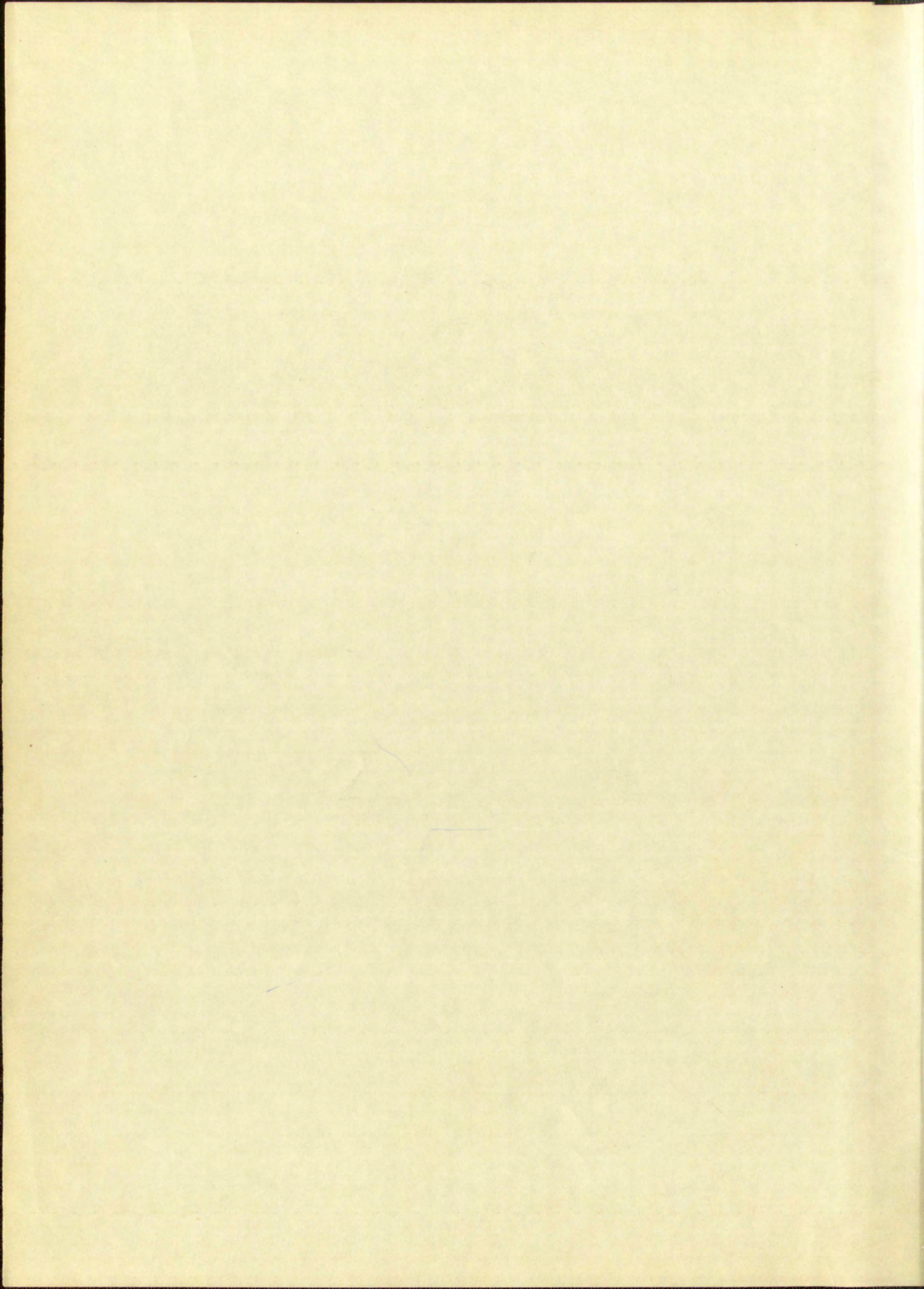














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COMPARISON OF INSURANCE PREMIUMS AND LOSSES  
ON PUBLICLY-OWNED PROPERTY IN NEW MEXICO

By

Irvin P. Murphy

A Thesis

Submitted in Partial Fulfillment of the  
Requirements for the Degree of  
Master of Arts in Education

University of New Mexico

1937



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#### ACKNOWLEDGEMENTS

The writer is indebted to Professor J. E. Seyfried for assistance in this study and to Dean S. P. Nanninga for joint approval of the final draft of the thesis. He wishes to express his appreciation to his wife for acting as his reader and editor, and to Miss Louise Douglass for rendering clerical aid. Mr. Byron O. Beall and his staff, particularly Mr. Hill, were of assistance in the collection of premium data. The cooperation of Mr. George A. Biel, Superintendent of Insurance, was beneficial. The writer is particularly indebted to public officials, mostly municipal school superintendents, for their help in collecting data pertaining to losses.







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# COMPARISON OF INSURANCE PREMIUMS AND LOSSES ON PUBLICLY-OWNED PROPERTY IN NEW MEXICO

## CHAPTER I

### INTRODUCTION

#### Importance of the Study

Recent interest in economy in school expenditures has focused attention upon the insurance of public school property. Although such insurance is not considered a major source of saving, the possibilities are such as to warrant investigation of the relationship between insurance premiums and losses actually suffered and recovered therefor.

#### Statement of the Problem

In this study the following questions are considered.

1. How much was paid in premiums for insurance on public property in New Mexico from 1923 to 1934, inclusive, and how much was repaid to the state by insurance companies for losses to public property during this period? What is the ratio between the premiums and the reimbursement for losses?
2. What is the relationship between the loss ratios on all public property in New Mexico and: (1) public school property in New Mexico; (2) all classes of property in New







Mexico; (3) public property in other states; (4) all classes of property in the United States?

3. Is the loss ratio on public property in New Mexico high or low in comparison with standards determined by insurance authorities?

4. Is the loss ratio on public property in New Mexico such as to justify some effort by the state to decrease the amount of the premiums paid for insurance?

#### Definitions

Loss ratio. The term "loss ratio" as used in this study means the percentage that the indemnity paid by stock insurance companies to the insured is of the insurance premiums paid to the insurer for financial protection against certain losses. Damages caused by earthquakes, engine breakage, explosions, fires, floods, hailstorms, riot and civil commotions, lightning, plate glass destruction, rainstorms, tornados, and windstorms are covered by the types or classes of insurance considered herein.

Public property. All buildings and real property, such as legislative halls, court houses, jails, school buildings, water systems, hospitals, city halls, and their equipment, used for public purposes, are included in the term "public property." It is not necessary that title to such property be vested in the state so long as the property is used for public purposes or welfare, and is not used in a private enterprise.







State highway equipment, state-owned motor cars, stationary motors, livestock, and other property not usually considered real estate or appurtenances thereto are not included in this study. Neither have bonds for public officials and insurance against losses from burglary and theft been included. Since few if any sprinkler systems are in use in New Mexico, no consideration is given to this class of property or type of property insurance.

Property divisions. Public property in New Mexico as considered in this study is divided into four classes namely (1) state institutional, (2) county, (3) municipal, and (4) public school. The scope of the several classes is as follows: (1) state institutional property includes the property over which the state has complete jurisdiction, as the state capitol and other state governmental buildings, colleges and universities, social and penal institutions, hospitals, and armories; (2) county property includes court houses, hospitals, and jails, all of which have been built with money raised by taxation within the county and which are to be used in the transaction of state and county business; (3) municipal property includes property erected or purchased with revenue from municipal taxes, such as city halls, jails, fire stations, libraries, parks and watersystems, exclusive of that in unincorporated towns; and (4) public school property, includes all school buildings, gymnasiums, teacherages, shops, and so forth, and their contents, owned by the state and under the super-



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and their contents, ...



vision of public school boards.

#### Sources of the Data

Data needed for this study included premiums and losses on public property in New Mexico for the period under consideration, and on property in other states for which comparable information was available. In addition to the above, necessary data included information on all classes of property in New Mexico and in the United States as well as authoritative opinions affecting the division of premium income by insurance companies. Sources of the data for premiums and losses on public property in New Mexico are given in the paragraphs which follow. Information for other states was secured from reports issued by the states. The loss ratios on all classes of property in New Mexico and the United States as a whole were secured from reports in the office of the state superintendent of insurance and from the National Board of Fire Underwriters, respectively. Opinions of insurance authorities regarding the principles which determine the amount of premiums to be allowed for losses, reserve, expenses, and profit were obtained from textbooks and writings on insurance.

Data on New Mexico were obtained from various sources. From the state auditor's records the amounts that were actually paid by state institutions for property insurance premiums in New Mexico since 1926 were obtained. The state tax commission's records furnished data on how much was budgeted for property insurance by counties since 1927, and how much was



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information was available  
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New Mexico since 1900  
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property interests



actually spent by municipalities since 1926<sup>1</sup>. The state comptroller's and the state tax commission's records were used as the source of data as to the amounts which have been budgeted by public schools since 1923<sup>2</sup>. For the most part, data on losses were obtained by examination of miscellaneous official records and from information obtained direct from heads of institutions, county and municipal clerks, and superintendents of schools. Reports from state institutions to the state auditor and from schools to the state department of education were of some value in checking losses for some years.

#### Procedure

This study is divided into two parts or major divisions. The first is concerned with the determination of the loss ratio on the classes of property under consideration; and the second, with the determination of whether or not this loss ratio is high or low in comparison to standards derived from insurance practices and principles. The first chapter is devoted to a comparison of the premium payments and loss returns on the four divisions or classes of property heretofore mentioned; the second is devoted to an analysis of the principles affecting the proper distribution of the premium dollar; and the third, to consideration of changes which might effect a closer relationship between the cost of insurance on public property in New Mexico and the repayments for losses. Con-

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<sup>1</sup> and <sup>2</sup>No official records are available at this office for budgetary allowances prior to the dates mentioned.



actually spent by the school in the year 1910-11  
twelve and one-half cents per pupil for the year  
the source of these funds is the school fund  
by public subscription. The school fund is  
as were obtained by assessment of the property  
of the school district. The school fund is  
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clusions and recommendations of the study are given in the final chapter.

The first step in the actual prosecution of the study was to obtain from official records the amounts which had been paid for insurance on public property over the longest period of years for which data were available, namely, 1926 to 1934, inclusive, for state institutions; 1927 to 1935, inclusive, for counties; 1926 to 1935 for municipalities; and 1923 to 1934, inclusive, for public schools.

The next step was to procure data on losses for the same periods of time as those for which premium data were available. Since no specific records of property losses are maintained by any official department, the most feasible and dependable method of doing this seemed to be to send an inquiry blank to the officials in charge of the property of each of the four divisions considered herein. On the blank a request was made for the following information: date of any property damage, amount of property damage, and amounts paid by insurance companies for damages to property. Reports were received from officials representing all of the twenty-eight state institutions<sup>1</sup>, all of the thirty-one counties, all of the fifty-nine incorporated municipalities, and all of the 104 county, municipal, independent, and union high school systems, a total of 223 units.

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<sup>1</sup>This division includes ten armories grouped under one heading; one item for "miscellaneous" is also included in this group.



elections and re-elections of the Board of Directors.

The first year in which the Board of Directors was elected was 1901.

was to obtain the right to elect the Board of Directors.

been paid for the year 1901, and the Board of Directors

period of one year, and the Board of Directors

to 1902, inclusive, for the year 1901, and the Board of Directors

clusive, for the year 1901, and the Board of Directors

1903 to 1904, inclusive, for the year 1901, and the Board of Directors

The next year, 1904, the Board of Directors

periods of one year, and the Board of Directors

Since no election took place in 1904, the Board of Directors

by any official, and the Board of Directors

method of electing the Board of Directors

the officials in charge of the election, and the Board of Directors

divisions of the Board of Directors, and the Board of Directors

for the following year, and the Board of Directors

amount of money, and the Board of Directors

panels for the year 1901, and the Board of Directors

officials representing the Board of Directors

substantially all of the Board of Directors

nine independent members, and the Board of Directors

municipal, and the Board of Directors

total of 25 members.

This division of the Board of Directors

headquarters, and the Board of Directors



From the foregoing data the loss ratio on public property was computed for each of the four divisions, and for the four divisions combined. This was done in each instance by dividing the losses during each year or group of years by the premiums paid. For example, if premiums of \$900 were paid by Bernalillo County during 1933 and losses amounting to \$50 occurred during the same year, the loss ratio would be \$50 divided by \$900, or expressed in percentage terms, 5.55.

The next step was to compare the loss ratio on all classes of public property in New Mexico with the loss ratio on public school property in New Mexico in order to test the validity of the common belief that schools have the greatest comparative loss of any class of public property.

The chief purpose in finding the loss ratio on public property in New Mexico was to discover whether it was high or low in comparison to the standards determined by certain authorities, on the basis of theory as well as practice. If New Mexico receives a reasonable amount of its premium money as repayment for losses, it might be considered that the premium expenditure was not excessive, granting that the remainder of the premium money is properly spent for the operation of the organization which carries the risk.

In considering whether or not the loss ratio on public property in New Mexico is high or low, the next step was to make an investigation that would establish the following: (1) the amount of the premium dollar which, in the light of expe-



From the foregoing data the loss ratio on public property was computed for each of the four divisions, and for the four divisions combined. This was done in each instance by dividing the losses during each year or group of years by the premium paid. For example, if premiums of \$900 were paid by Hermosillo County during 1933 and losses amounting to \$50 occurred during the same year, the loss ratio would be  $\frac{50}{900}$ , divided by \$900, or expressed in percentage terms, 5.55.

The next step was to compare the loss ratio on all classes of public property in New Mexico with the loss ratio on public school property in New Mexico in order to test the validity of the common belief that schools have the greatest comparative loss of any class of public property.

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In considering whether or not the loss ratio on public property in New Mexico is high or low, the next step was to make an investigation that would establish the following: (1) the amount of the premium dollar which, in the light of ex-



rience, should be set aside for losses; and (2) the amount of the premium dollar which should be set aside for other expenses.

Accordingly, a standard loss ratio was derived from a study of the loss ratio experience on all classes of property in the United States for the seventy-four year period from 1860 to 1933, inclusive. The percentage of the premium dollar which should be set aside for expenses other than losses, as reserves, operation, and profit, was found from a study of the opinions of certain writers and students of insurance practices and principles.

Since the amounts which must be set aside for losses and other expenses, particularly for the former, remain more or less constant only when certain conditions have been fulfilled, it was next necessary to determine whether the experiences of New Mexico, as considered herein, are sufficiently representative to make comparisons between them and the preceeding standards valid. Insurance authorities state that the loss ratio is valid as a standard only when its computation is based upon statistics covering a sufficient area, a specified time in years, and a volume of business sufficiently large to prevent significant fluctuation in the loss ratio. Accordingly, standards for each of these had to be determined, to be applied as a measuring stick to the data on New Mexico.

In deciding to what extent these requirements were met by public property in New Mexico as considered herein, certain



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comparisons were made. First, the state of New Mexico as a geographical unit was compared with a similiar area required for a reliable experience; second, the period of time included in this study, namely twelve years, was compared with the number of years considered to be the minimum during which a valid loss ratio can be experienced: and third, the question of whether the premium volume on public property is sufficient to meet the requirement of volume was answered (1) by determining whether a single loss would materially affect the general average, and (2) by comparing the volume of insurance premiums on public property with the volume on the same kind of property (a) in certain states which segregate public property for the purpose of insurance, (b) in certain states which do not segregate public property, and (c) in the entire United States.

#### Review of Related Studies

Some attention to the subject of insurance premiums on public property as contrasted to losses has been given during the last five years by New Mexico legislators and by certain others. Unfortunately there has been no attempt to study the problem carefully or to consider the facts properly.

Studies comparable to this one have been made in other states, as is indicated in succeeding paragraphs, but no attempt has been made, so far as the writer could determine, to gather and analyze data pertaining to the ratio between the amounts paid for insurance premiums on four divisions of pub-



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lic property and damages paid for losses on the same property in New Mexico, and none of exactly this type in other states.

Bickley recently completed a study in which he shows that reductions in property taxes can be achieved in New Mexico by school administrators giving attention to the form of policy and the relationship of school property value to the insurable value.<sup>1</sup> Sabin has practically completed a study of insurance practices in New Mexico with a view toward pointing the way to greater efficiency and desirable uniformity.<sup>2</sup>

A study made by Melchior and reported by Skaaland, although essentially an insurance practice study of cities in the United States, particularly in New York, having a population of 30,000 to 100,000 shows that the loss ratio on fifty-nine United States cities was 24.25 per cent and for the state of New York, 35.62 per cent.<sup>3</sup>

A questionnaire study made by Fleming covering fifty-four city school districts in Kansas shows that the loss ratio for a five-year period from 1923 to 1927 was 4.83 per cent in first-class cities and 52.63 per cent in second-class cities.<sup>4</sup>

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<sup>1</sup>Bickley, James M. Fire Insurance Practices and Economies on Public School Buildings of Curry County, New Mexico. Complete bibliographical information on this reference and succeeding references may be found in the Bibliography.

<sup>2</sup>Sabin, Owen O. Analysis and Evaluation of Insurance Practices of Public Schools in New Mexico.

<sup>3</sup>Skaaland, S. G. "Public-School Property Insurance". American School Board Journal, Vol. 75, pp. 41-42, October, 1927.

<sup>4</sup>Fleming, L. Avery. Insurance Practices in First and Second Class City School Districts of Kansas, p. 67.



the property and business of the United States in New Mexico, and of the various other territories.

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During the year 1928 to 1929 all school districts in Illinois, according to Ketring, showed a loss ratio of 32 per cent.<sup>1</sup>

Among other things reported by Skaaland in his analysis is a loss ratio of 74.1 per cent for school property in Minnesota.<sup>2</sup> A study was made of 184 school districts in Pennsylvania by Bruce; it shows a loss ratio of 43 per cent from 1920 to 1925.<sup>3</sup>

According to Reeder, Oregon had a loss ratio of 40.1 per cent on school buildings from 1902 to 1918.<sup>4</sup> A survey of forty-seven New York municipalities made by Drake under auspices of the New York State Bureau of Municipal Information and the School of Citizen and Public Affairs, shows a loss ratio of 46.46 per cent for the years 1918 to 1928. Another study of forty-two municipalities shows a loss ratio of 12.7 per cent.<sup>5</sup> A loss ratio of 6.60 per cent is reported by Holy in a study of all public schools in Ohio for the period 1930 to 1933.<sup>6</sup> Department of public instruction statistics show a loss ratio of 31.8 per cent for all public school property in Pennsylvania over the period 1924 to 1931, according to Werner, who also

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<sup>1</sup>Ketring, John Henry. Public School Insurance in Illinois, pp. 61-62.

<sup>2</sup>Skaaland, S. G. "Public-School Property Insurance". American School Board Journal, Vol. 75, pp. 41-42, October, 1927.

<sup>3</sup>Bruce, William G. "Fire Insurance for School Property". American School Board Journal, Vol. 75, pp. 101-102, April, 1925.

<sup>4</sup>Reeder, Ward G. The Fundamentals of Public School Administration, pp. 270-271.

<sup>5</sup>Drake, Russell P. Municipal Insurance Practices of New York Municipalities, pp. 7-17.

<sup>6</sup>Holy, T. C. Information on School Plant Insurance Premiums and School Property Losses in Ohio for 1932 and 1933, Part C, p. 8.



During the year 1931, the following schools were closed for a period of time according to the following table:

School	Period of Closure
St. John's School	Jan. 1 to Jan. 15
St. Mary's School	Jan. 1 to Jan. 15
St. Peter's School	Jan. 1 to Jan. 15
St. Paul's School	Jan. 1 to Jan. 15
St. James' School	Jan. 1 to Jan. 15
St. Michael's School	Jan. 1 to Jan. 15
St. Anthony's School	Jan. 1 to Jan. 15
St. Francis' School	Jan. 1 to Jan. 15
St. Rose's School	Jan. 1 to Jan. 15
St. Elizabeth's School	Jan. 1 to Jan. 15
St. Agnes' School	Jan. 1 to Jan. 15
St. Clare's School	Jan. 1 to Jan. 15
St. Ann's School	Jan. 1 to Jan. 15
St. Ursula's School	Jan. 1 to Jan. 15
St. Theresia's School	Jan. 1 to Jan. 15
St. Cecilia's School	Jan. 1 to Jan. 15
St. Barbara's School	Jan. 1 to Jan. 15
St. Margaret's School	Jan. 1 to Jan. 15
St. Gertrude's School	Jan. 1 to Jan. 15
St. Eudocia's School	Jan. 1 to Jan. 15
St. Olympia's School	Jan. 1 to Jan. 15
St. Sophia's School	Jan. 1 to Jan. 15
St. Symeon's School	Jan. 1 to Jan. 15
St. Irenaeus' School	Jan. 1 to Jan. 15
St. Hermas' School	Jan. 1 to Jan. 15
St. Marcellus' School	Jan. 1 to Jan. 15
St. Peter's School	Jan. 1 to Jan. 15
St. Paul's School	Jan. 1 to Jan. 15
St. James' School	Jan. 1 to Jan. 15
St. Michael's School	Jan. 1 to Jan. 15
St. Anthony's School	Jan. 1 to Jan. 15
St. Francis' School	Jan. 1 to Jan. 15
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St. Cecilia's School	Jan. 1 to Jan. 15
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St. Margaret's School	Jan. 1 to Jan. 15
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St. Olympia's School	Jan. 1 to Jan. 15
St. Sophia's School	Jan. 1 to Jan. 15
St. Symeon's School	Jan. 1 to Jan. 15
St. Irenaeus' School	Jan. 1 to Jan. 15
St. Hermas' School	Jan. 1 to Jan. 15
St. Marcellus' School	Jan. 1 to Jan. 15

Report of the  
New York State  
Department of  
Education  
for the year  
1931-32  
Page 10



gives a table showing loss ratio from 3.5 per cent in Delaware to 77 per cent in Virginia.<sup>1</sup> In Missouri the loss ratio reported by Viles on brick and frame public buildings during 1926 to 1930 is 36 per cent; on unprotected brick buildings 38.1 per cent; on mercantile buildings not less than 54 per cent; in 1932, on all types of schools, 47 per cent; and in 1933, 35 per cent.<sup>2</sup> During 1922 to 1927, the loss ratio on all classes of public buildings in Pennsylvania was 22 per cent according to Keith and Taggart.<sup>3</sup>

A report of the Committee on Insurance Research for the National Association of Public School Business Officials contains among other information data on states operating under a plan of self-insurance.<sup>4</sup> This report shows that South Carolina had a loss ratio of 43 per cent from 1900 to 1931, on property of the state, except the capitol, of the counties, and of the public schools.<sup>5</sup> Property is insured in the state fund at 80 per cent of the commercial fire rate; windstorm coverage is free. Property for which premiums have been paid

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<sup>1</sup>Werner, J. C. A State Plan of Public School Fire Insurance in Pennsylvania, p. 5.

<sup>2</sup>Viles, Nelson E. Improving the Insurance Program in the Local School Districts, p. 22-24.

<sup>3</sup>Keith, J. A. H., and Taggart, M. H. Study of the Economical Insurance of School Property, p. 12.

<sup>4</sup>National Association of Public School Business Officials. Insurance Practices and Experience of City School Districts..., Bulletin No. 2, pp. 22-49, 102, 106.

<sup>5</sup>The percentage given here is not at commercial rates. The reader is referred to Table XIII, Appendix B.







five years is carried free until an assessment is needed to keep the insurance sinking fund at one million dollars. Similar reports were given for the other self-insurance states, namely, Alabama, Florida, Michigan, North Dakota, and Wisconsin. In Wisconsin total premiums on all state, county, municipal, and public school insurance would have cost \$4,204,000.10 from 1903 to 1930, at commercial rates. The premiums under state insurance cost \$3,055,103.50. The difference represents a saving of \$1,148,896.60.

The report cited in the paragraph immediately preceding also gives data on a nation-wide survey of thirty-five Canadian and 345 United States city school districts ranging in population from 3,075 to 1,233,561. Loss ratios on school buildings in some of the states during the period from 1921 to 1930 were as follows: Arizona up to 34.36 per cent, Colorado 14.08 per cent, Idaho no loss, Montana 63.69 per cent, Oklahoma 2.34 per cent, Texas 19.08 per cent, and Wyoming no loss. The loss ratio on all buildings included in the study was 28.7 per cent for the entire United States.



five years is... keep the... that reports... namely, Adams, Brown, Green, and... In 1930, the... and public... 1930 to 1935, the... insurance... saving of \$1,140,000. The... also five... and 348... population from 1930 to 1935... buildings in... to 1930 were... 1930 per cent... Oklahoma... loss. The... was 28.7 per cent...



## CHAPTER II

### RATIO BETWEEN INSURANCE PREMIUMS AND INDEMNITIES ON PUBLIC PROPERTY IN NEW MEXICO

#### Introduction

This chapter contains a general summary of data, and a discussion thereof, on the amounts paid for premiums and the amounts received for losses on the four classes of public property in New Mexico. The reader who is interested in more detailed information will find complete reports in tabular form in the appendicis.

#### State Institutional Premiums and Losses

A total of \$308,871.95 was paid for premiums on property insurance during the nine years from 1926 to 1934, inclusive, by the twenty-eight social, educational, penal, and governmental institutions. The amounts paid yearly for premiums range from \$24,554.92 in 1926 to \$44,881.50 in 1930. There was a sharp increase from 1926 to 1930, followed by a decline in the next two years.<sup>1</sup> There was an upward trend from then

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<sup>1</sup>See Table I, Appendix A, and Figure 1, next page.







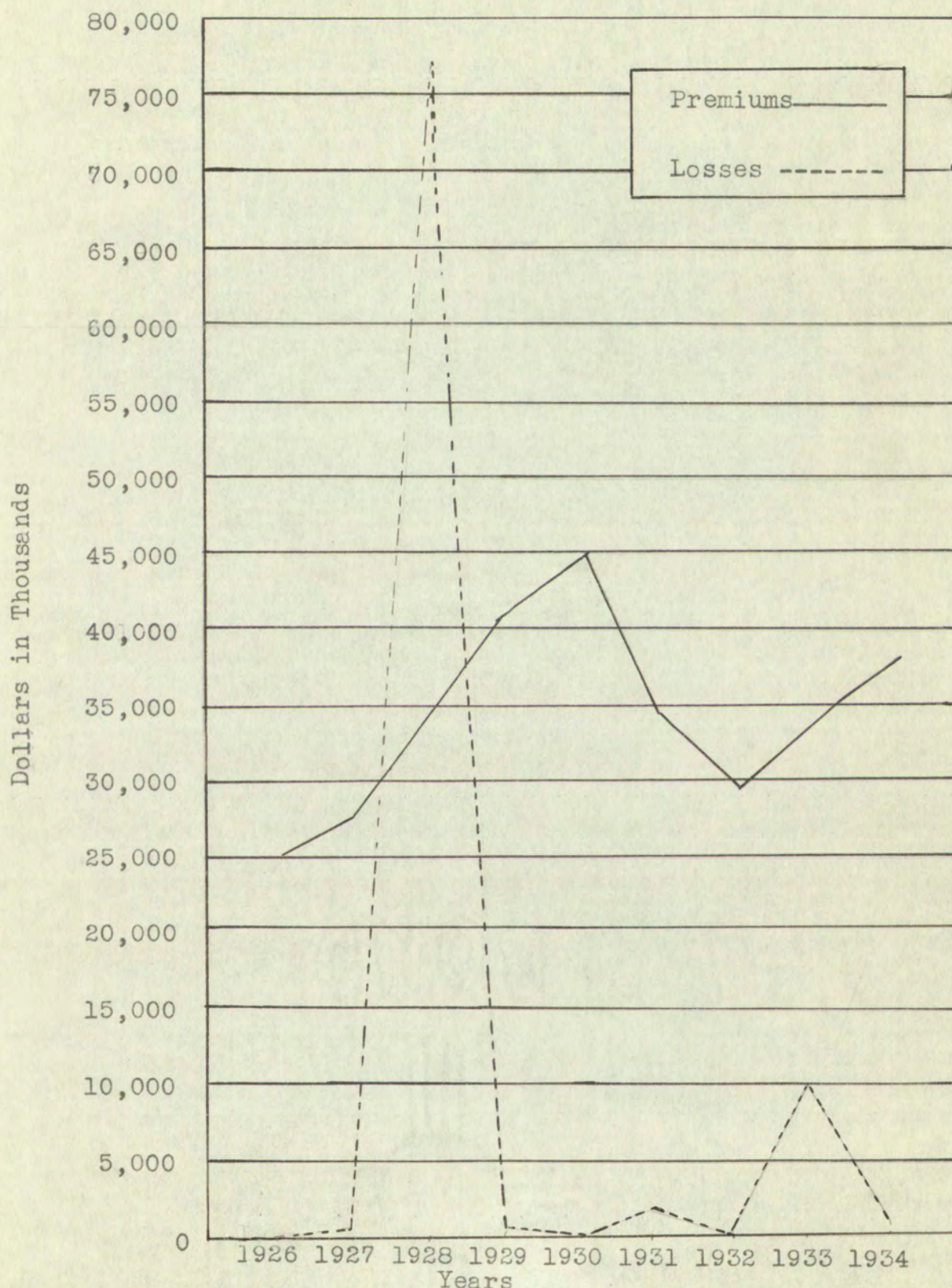
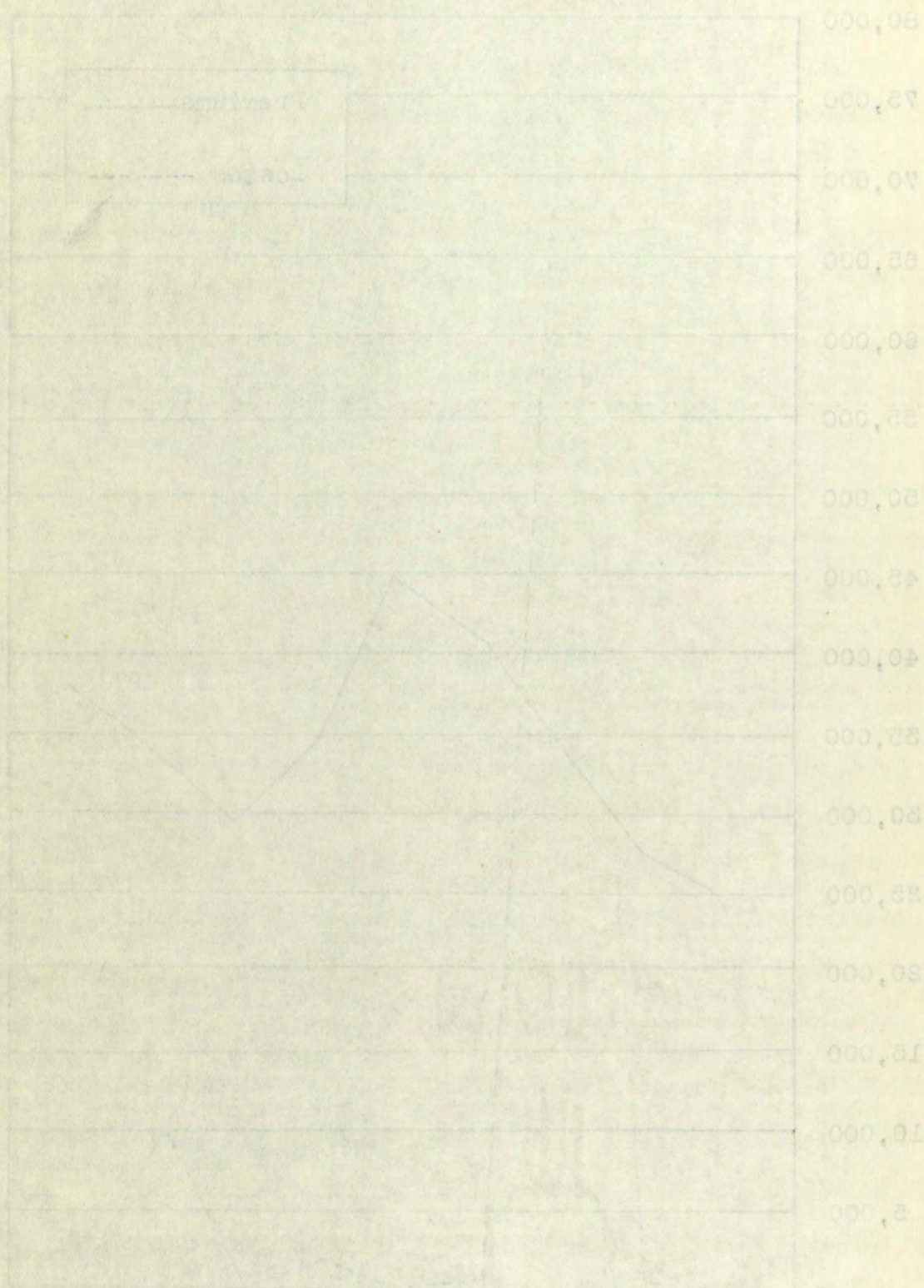


Figure 1. Amounts Paid by State Institutions in New Mexico for Premiums on Property Insurance from 1926 to 1934, Inclusive, and Loss Reimbursements Received From Insurance Companies During the Same Period.



Equipment at Risk



Source: U.S. Department of Defense, Office of the Inspector General, Report No. 10-10-69, p. 10.

Figure 10-10-69, p. 10, shows the equipment at risk for the Department of Defense from 1960 to 1969. The equipment at risk was \$25,000 in 1960, \$35,000 in 1961, \$45,000 in 1962, \$40,000 in 1963, \$35,000 in 1964, \$30,000 in 1965, \$28,000 in 1966, \$26,000 in 1967, \$25,000 in 1968, and \$25,000 in 1969.



on, from \$34,101.04 in 1933, to \$37,891.04 in 1934. The trend since 1932 may be explained by the effort of administrators to increase the budgetary item of insurance, thereby taking advantage of certain recent statutory changes pertaining to institutional support. One explanation for yearly fluctuation is that some of the institutional budgets, made biennially, may not contain an allowance for renewals on policies which were written on a three-or five-year basis.

A statement as to the validity of certain data should be appropriate at this point. The amounts paid for property insurance by the state institutions were listed in the State Auditor's records under the headings of "Insurance and Interest," "Insurance and Surety bonds," "Insurance and Advertising," or "Insurance and Filing Fees" as well as the proper heading of "Insurance." The opinion of the state auditor and certain other state officials was that this classification was for convenience only, and that practically all amounts shown under these headings were used for property insurance only. To check this contention a special inquiry was made of those institutions which used these classifications. In most instances the officials replied that all the money so listed was used for property insurance only; a few reported the percentage which was spent for bonds, interest, filing fees, and advertising. Since the average spent in this manner was found to be 6.5 per cent of the premiums in the years for which detailed records were available, the tabular amounts in this



and from \$35,101.00 in 1933 to \$37,021.00 in 1934. The increase since 1933 may be explained by the effort of administrators to increase the number of items of insurance, thereby obtaining an advantage of certain Federal Government items pertaining to institutional support. One explanation for yearly fluctuations is that some of the institutional budget, made available, may not contain an allowance for research or similar activities.

were written on a three-or-five-year basis. A statement as to the validity of certain data should be appropriate at this point. The amount paid for property insurance by the State Institutions was listed in the State Auditor's report under the heading of "Insurance and Interest," "Insurance and Property Loss," "Insurance and Miscellaneous," or "Insurance and Other Loss" as well as the proper heading of "Insurance." The opinion of the State Auditor and certain other officials was that this classification was for convenience only, and that practically all insurance shown under these headings was a matter of property insurance only. To check this statement a special inquiry was made of those institutions which used these classifications. In some instances the officials replied that all the money so listed was used for property insurance only; a few reported that the contents which were stored in buildings, inventories, films, tools, and

advertising, etc., were stored in this manner and that

to be 5.5 per cent of the total in the year for which the

called records were available. The following amounts in this



study for each year were reduced by this 6.5 per cent in order to show only the amounts actually spent for property insurance.

Premium data for the four divisions of public property were obtained by fiscal years, that is, for the period from July 1 to June 30, inclusive. For purposes of comparison with losses reported by calendar years, it was necessary to convert premium data for fiscal years into calendar years. For example, data for 1928 became an average of half of those for 1927-1928 and half for 1928-1929.<sup>1</sup>

To show the validity of data thus converted to calendar years, a comparison of totals arrived at on both the fiscal and calendar bases was made. The original data based upon fiscal years show a total of \$1,267,970.37 budgeted for insurance by all divisions of public property from 1923, 1926, and 1927 to 1934, inclusive, whereas the data based upon calendar years show a total of \$1,253,627.95 or \$14,342.42 less than the original data.<sup>2</sup>

Total losses, exclusive of uninsured losses, for state institutions during the nine-year period amounted to \$89,141.01.<sup>3</sup> There was no loss in either 1926 or 1930. The greatest losses, \$76,200, occurred in 1928. This is the only year in which total losses equalled or surpassed the amounts paid for premiums.

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<sup>1</sup>See Tables XV to XVIII, Appendix C.

<sup>2</sup>See Table VII, Appendix B.

<sup>3</sup>Losses as reported by officials are given in detail in Tables XIX to XXII, Appendix D.







In three instances during the entire period separate losses equalled or exceeded the premiums paid during a particular year. In 1928 the New Mexico School of Mines paid \$1,861.08 for premiums and suffered an insured loss of \$75,000. In 1932 the New Mexico Home and Training School for Mental Defectives paid no premiums on account of having none due, but suffered a loss of \$39. The New Mexico Military Institute paid \$8,111.56 for premiums in 1933 and suffered a loss of \$8,877.93.

Nine of the twenty-eight institutions, aside from the Eastern New Mexico Junior College, which did not begin operation until 1934-1935, suffered no loss in the nine-year period. The New Mexico State Hospital during this time paid \$32,587.43 for insurance and suffered no loss. The least premium payment during the nine years without any loss was \$1,936.82 paid by the New Mexico Industrial School. Only one institution, the New Mexico School of Mines, experienced a loss greater in amount than that which has been paid for protection, the premiums paid being \$18,964.92 and the single loss in 1928 amounting to \$75,000.

The ratio between premiums and losses on the state institutions for the period was 28.86 per cent. In other words, out of each dollar expended for property insurance on state institutional buildings in New Mexico during the nine-year period from 1926 to 1934, inclusive, only a little more than



IN THE COURT OF THE COMMON PLEAS FOR THE COUNTY OF MICHIGAN

STATE OF MICHIGAN, )  
Plaintiff, )  
vs. )  
JOHN J. HARRIS, )  
Defendant. )

JOHN J. HARRIS, Defendant, hereby certifies that the following is a true and correct copy of the original as the same appears in the files of the Court of the Common Pleas for the County of Michigan, in the above entitled cause.

Witness my hand and seal of office this 1st day of January, 1900.

JOHN J. HARRIS, Clerk of the Court.



twenty-eight cents was repaid by insurance companies for losses.<sup>1</sup>

### County Premiums and Losses

During the eight-year period from 1927 to 1934, inclusive, \$92,910.50 has been paid by the thirty-one counties for property insurance.<sup>2</sup>

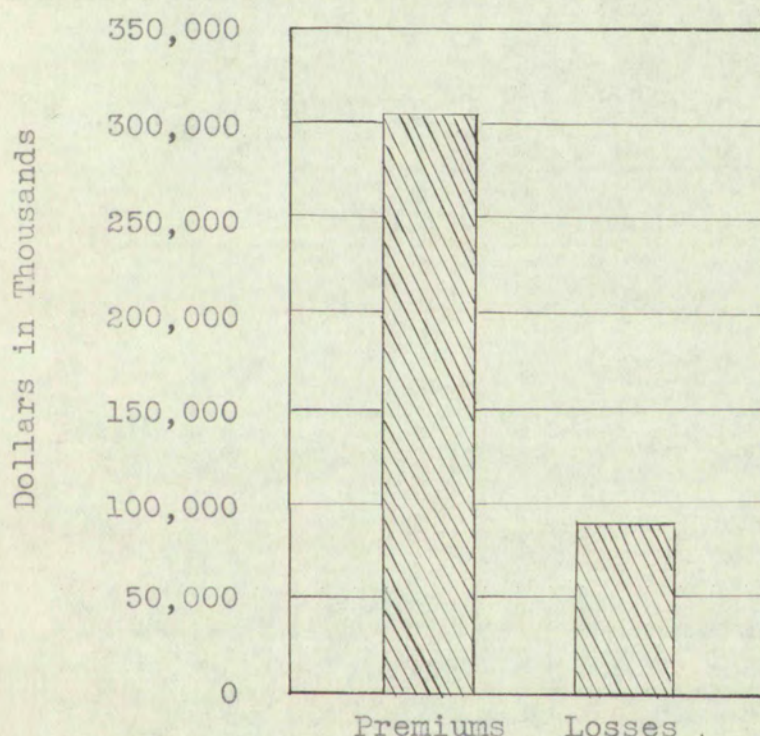


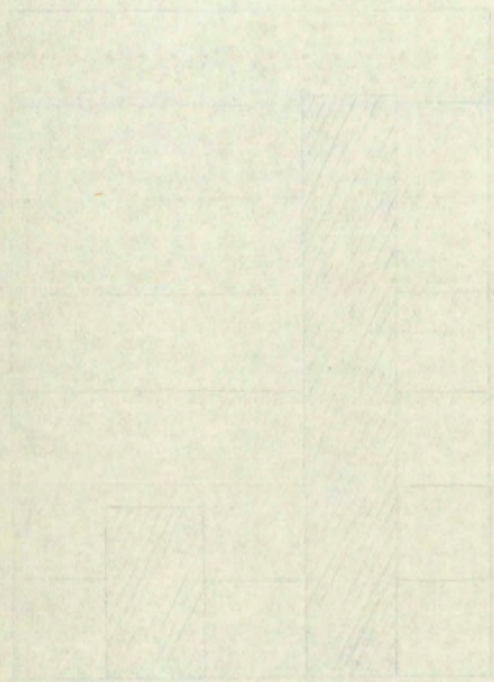
Figure 2. Comparison of Amounts Paid by State Institutions for Insurance Premiums From 1926 to 1934, Inclusive, and Amounts Received for Losses During the Same Period.

In the absence of rate reductions, it is likely that the

<sup>1</sup>See Figure 2.

<sup>2</sup>See Table II, Appendix A, and Figures 3 and 4 on succeeding pages.





Amount of money applied

350,000  
300,000  
250,000  
200,000  
150,000  
100,000  
50,000  
0

The amount of money applied for property insurance in 1930 was \$100,000 and in 1931 it was \$150,000. This shows an increase of 50% in the amount of money applied for property insurance from 1930 to 1931.

In the year 1931 the amount of money applied for property insurance was \$150,000.

The amount of money applied for property insurance in 1930 was \$100,000 and in 1931 it was \$150,000. This shows an increase of 50% in the amount of money applied for property insurance from 1930 to 1931.



trend to decrease gradually the allowance for premiums from 1927 to 1934 for counties has been due to the interest which budget commissioners have been exercising in the reorganization of programs of insuring properties and the accompanying in-

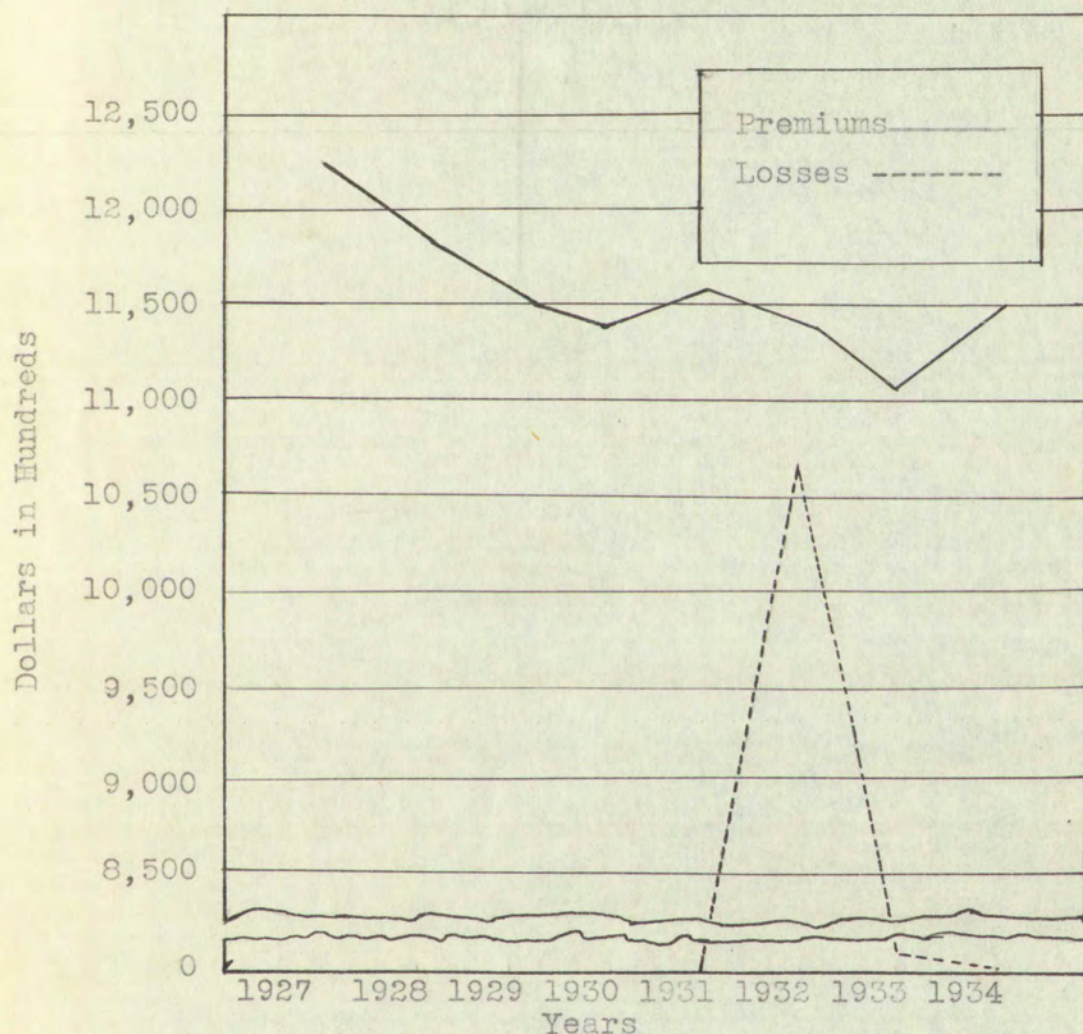


Figure 3. Amounts Paid by Counties in New Mexico for Premiums on Property Insurance From 1927 to 1934, Inclusive, and Loss Reimbursements From Insurance Companies During the Same Period.

terest of taxpayers in obtaining reductions in budgets and taxes.

Total losses sustained by all county property during the







period of eight years amounted to \$10,802.35. Three losses,

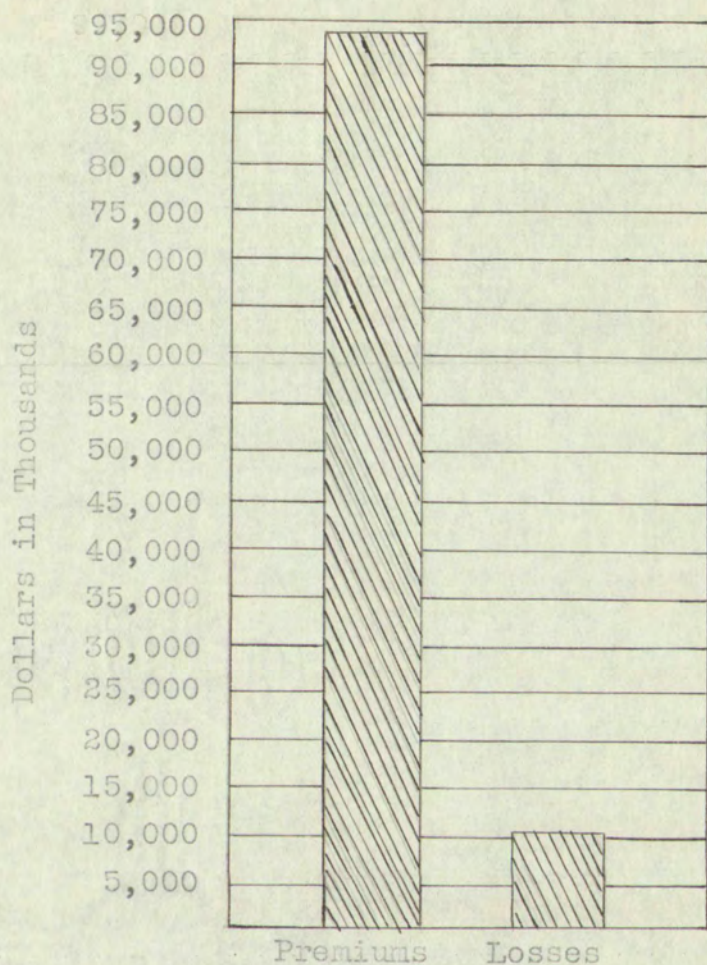


Figure 4. Comparison of Amounts Paid by Counties for Insurance Premiums from 1927 to 1934, Inclusive, and Amounts Received for Losses During the Same Period.

two in Bernalillo County of \$32.60 and \$50 in 1932 and 1933, respectively, and one in Taos County of \$10,719.75 in March, 1932, make up this total. The premiums of \$92,910.50 and losses of \$10,802.35 constitute a loss ratio of 11.63 per cent, or a return of a little more than eleven cents from each premium dollar.







### Municipal Premiums and Losses

The fifty-nine incorporated municipalities of the state have paid a total of \$83,982.24 for premiums and sustained \$2,445 in losses during the nine-year period from 1926 to 1934, inclusive, making a loss ratio of 2.91 per cent, or a return of less than three cents from each premium dollar.<sup>1</sup>

Only twenty-five municipalities, or fifty per cent of the fifty-nine, have budgeted consistently for property insurance. Of the thirty-four municipalities which have not budgeted regularly for insurance only eleven have budgeted at any time during the period. Thus, twenty-five towns have insured regularly, eleven during a part of the period, and twenty-three not at all; only about half of the towns have had sufficient property to justify insurance.

Fluctuations in the amounts paid for premiums are due probably to two causes. Insurance agents in some towns have encouraged city councils to adopt long term bases for insuring property, thereby causing heavy payments at the beginning but more even payments from then on. Sharp increases have been necessary in some instances on account of insuring recently completed buildings for the first time. The uniform payments apparent during the last three years, 1932 to 1934, inclusive, probably represent the minimum insurance which can be carried with safety.

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<sup>1</sup>See Table III, Appendix A, and Figures 5 and 6 on succeeding pages.







Since most of the premium data in this study were taken from budgets, an effort was made to determine whether the amounts which were paid for insurance would equal the amounts

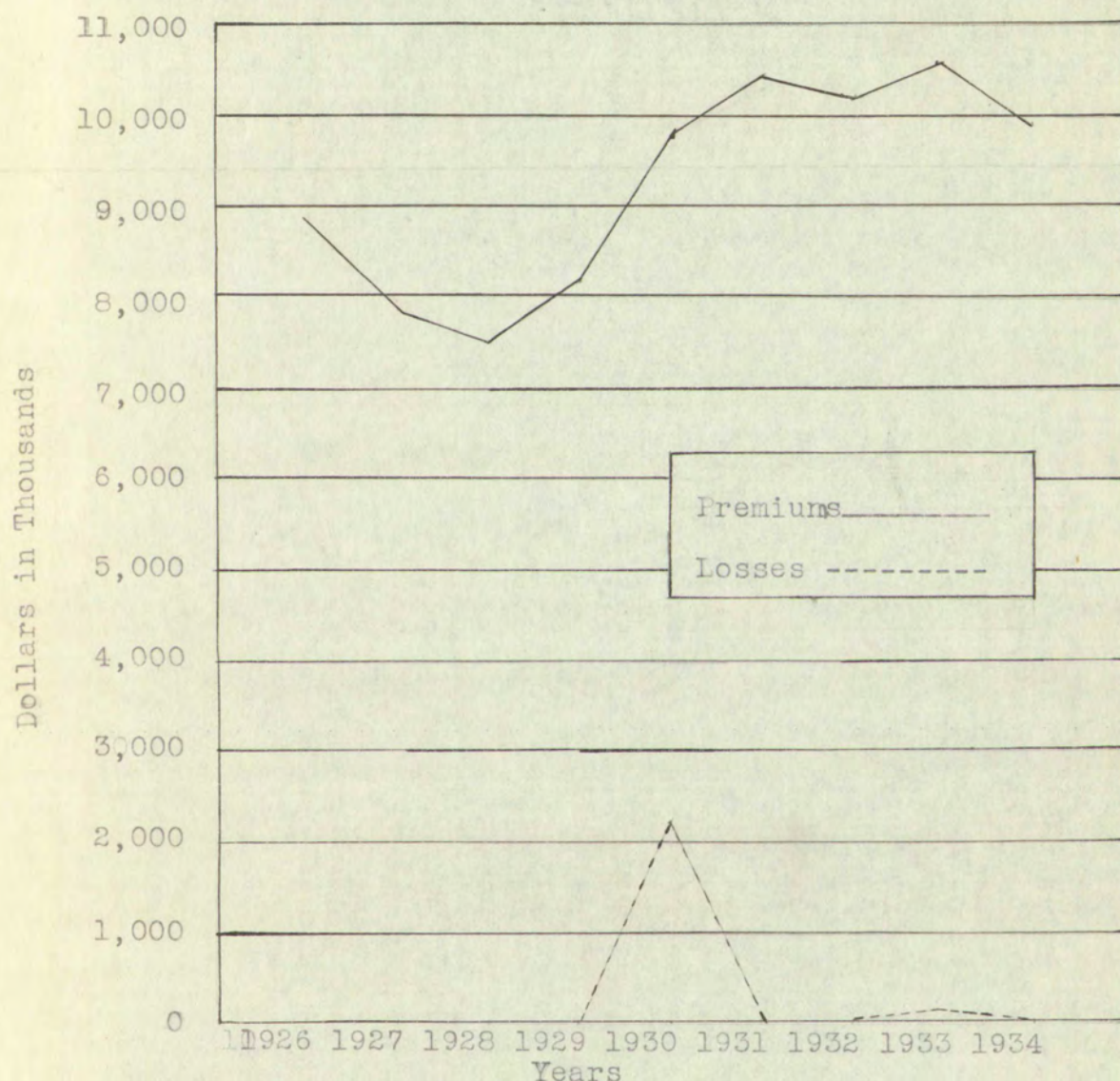


Figure 5. Amounts Paid by Municipalities in New Mexico for Premiums on Property Insurance From 1926 to 1934, Inclusive, and Loss Reimbursements Received From Insurance Companies During the Same Period.

allowed in the budgets. The amounts actually expended by municipalities for three years were compared with the amounts



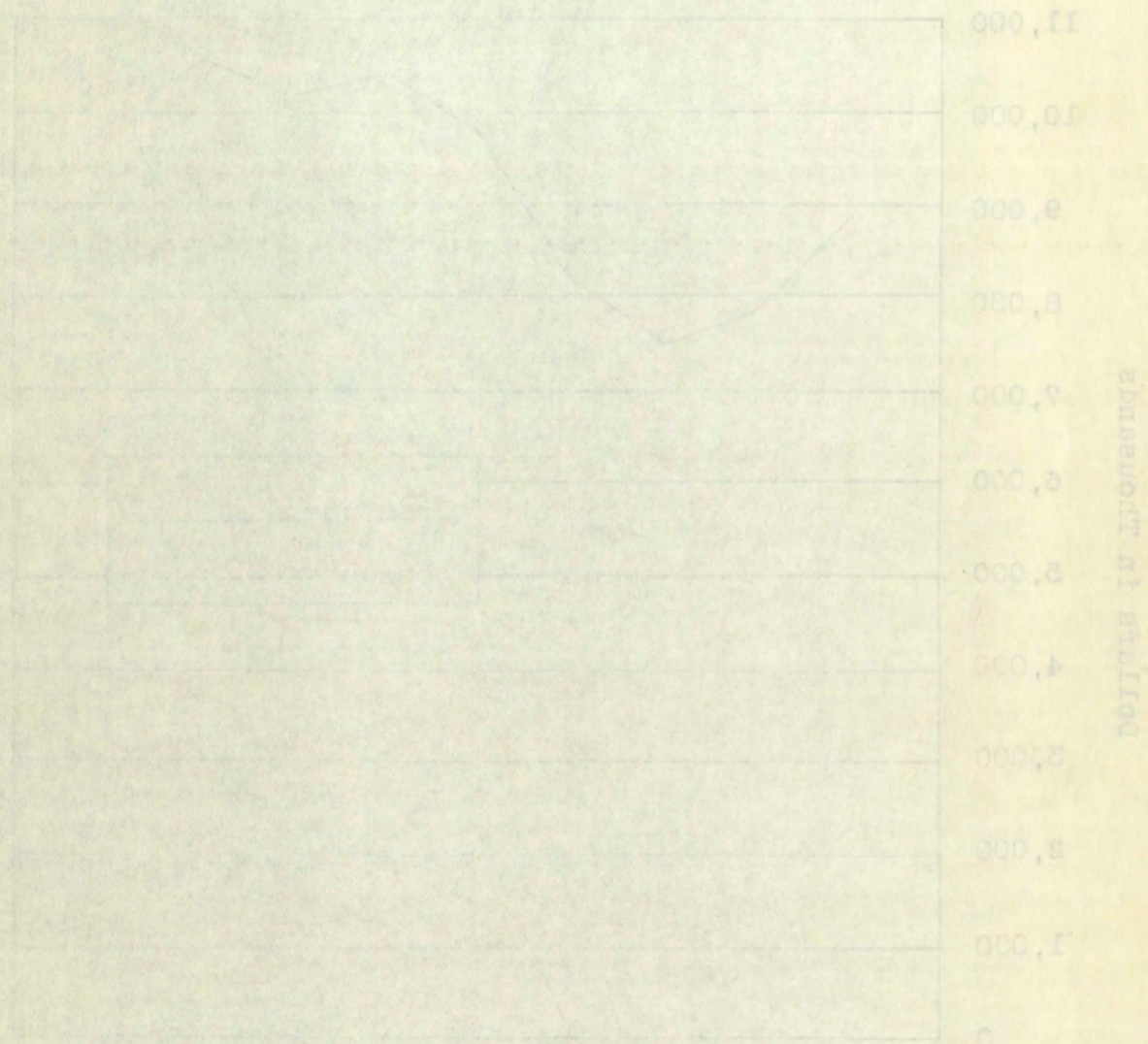


Figure 2. Spent at station for the first 6 months of 1964, and the first 6 months of 1965.

Spent at station for the first 6 months of 1964, and the first 6 months of 1965.



allowed in the budgets for the same years. It was found that \$29,478.53 was budgeted for insurance during the three years, whereas \$30,936.96 was actually spent. The difference of \$1,458.43 may be taken as indicative of how closely budgetary figures for other years and other divisions of property would

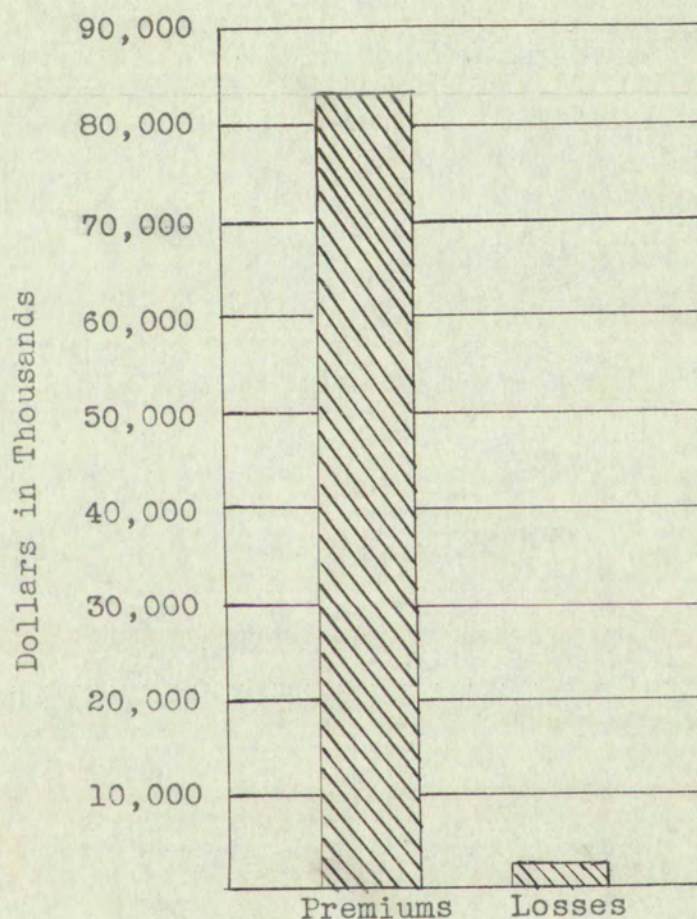


Figure 6. Comparison of Amounts Paid by Municipalities for Property Insurance Premiums From 1926 to 1934, Inclusive, and Amounts Received for Losses During the Same Period.

compare with actual expenditures. Budget estimates may be said to show rather conservatively the amounts expended for



allowed in the law  
 \$25,000.00  
 whereas \$25,000.00  
 \$1,000.00  
 figures for other years

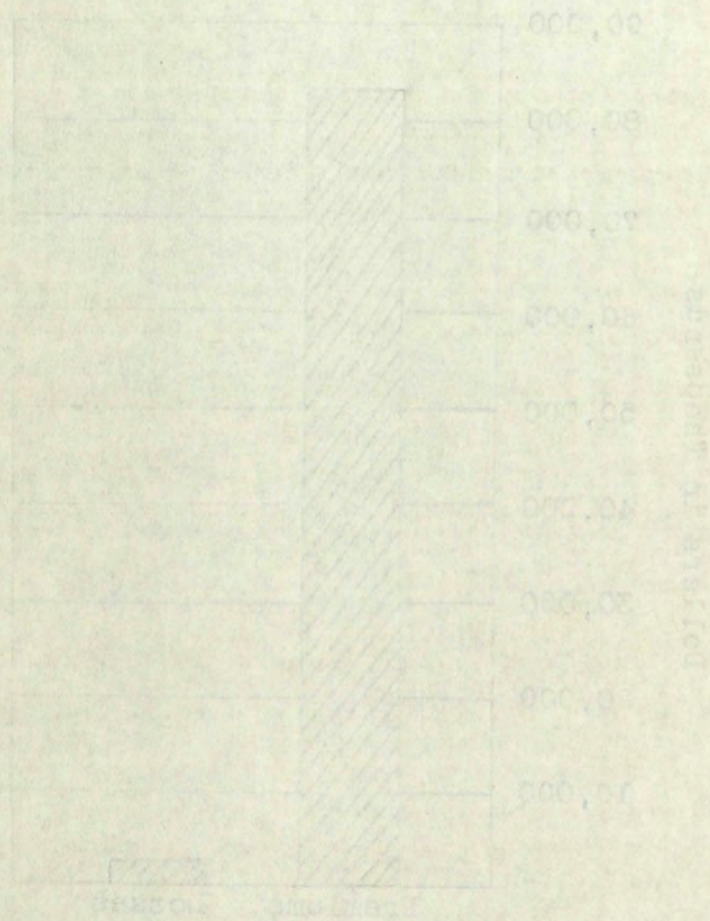


Figure of amount of money  
 paid by the Government for  
 property interests in the  
 from 1922 to 1924, inclusive,  
 and amount received for loss  
 of land in the same period.

compared with other years. The amount of money  
 paid to the Government for property interests in the



insurance premiums<sup>1</sup>.

There have been only two insured losses to municipal property during the eight years, but there have been two uninsured losses. An uninsured loss of about \$500 occurred when the Springer jail burned in 1929, and another of \$15 occurred when some peat moss belonging to Albuquerque burned in 1934. Of the two insured losses, one was a streetsweeper destroyed by fire in Albuquerque in 1930 at a loss of \$2,350, and the other was windstorm damage of \$95 to the Clayton fair-ground fence in 1933.

An example of the type of property insured by municipalities against damage is that insured by Albuquerque, where insurance is carried on the Public Library with contents and fixtures, Highland Fire Station, city garage and machine shop, improvements and caretaker's house at the zoo, six pumping stations, Highland Park Band Stand, Conservancy Beach buildings, streetsweepers, and boilers.

#### Public School Premiums and Losses

Although there are seventy-three municipal, rural independent, and union high schools within the state, all are considered in this study as parts of the thirty-one counties in which they are situated. For instance, the Albuquerque city schools are considered as a part of the Bernalillo county schools.

The amount paid for property insurance by public schools during the twelve-year period from 1923 to 1934, inclusive,

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<sup>1</sup>See Table VIII, Appendix B.



insurance provided.

There have been only two insured losses to municipal property during the eight years, but there have been two insured losses. An uninsured loss of about \$5000 occurred when the Spaulding Jail burned in 1923, and another of \$15000 occurred when some gear was belonging to Alphonse burned in 1924. Of the two insured losses, one was a fire which destroyed by fire in Alphonse in 1920 at a loss of \$2,500, and the other was a fire which destroyed of \$25 to the City Jail in 1923.

An example of the type of property insured by municipal fire insurance is that insured by Alphonse, where fire insurance is carried on the Public Library with contents and fixtures, Highland Fire Station, city garage and machine shop, improvements and carpenter's house at the zoo, six pumping stations, Highland Park Band Stand, Conservancy Beach building, streetcar barn, and boiler.

#### Public School Property and Losses

Although there are seventy-three municipal, rural independent, and union high schools within the state, all are considered in this study as parts of the thirty-one counties in which they are situated. For instance, the Alphonse city schools are considered as a part of the Humboldt county schools. The amount paid for property insurance by public schools during the twelve-year period from 1923 to 1934, inclusive,



was \$767,863.26<sup>1</sup>. Budgetary allowances for insurance have increased from \$44,553 in 1923 to \$77,263 in 1934.

The number of additional buildings necessary to care for increasing enrollments probably accounts to a large degree for the increased expenditures for premiums. Exceptions to this general increase came in 1929, when only \$66,751 was allowed, and in 1932 when only \$71,289.63 was allowed. The former reduction was caused probably by the general economic condition, and the latter in all probability by reductions imposed through influence of taxpayers' associations and certain governmental officials.

Losses sustained by public schools during the twelve years total \$171,410.16<sup>2</sup>. For counties having losses amounting to or exceeding \$20,000 have experienced more than sixty per cent of the total loss, namely, Union with \$41,200, San Miguel with \$22,794.92, Lincoln with \$20,900, and Bernalillo with \$21,180.63. Seven individual losses of \$10,000 or more during the period constituted approximately seventy-five per cent of the total losses. These were distributed as follows: Grenville school in Union County, \$30,000 in 1923; Douglas school at Las Vegas in San Miguel County, \$22,250 in 1927; Corona High School in Lincoln County, \$20,000 in 1924; Fourth Ward School at Albuquerque in Bernalillo County, \$19,648.52 in 1933; Colmor school in Colfax County, \$15,457.15 in 1931; Mountainair

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<sup>1</sup>See Table IV, Appendix A.

<sup>2</sup>See Figures 7 and 8 on succeeding pages.







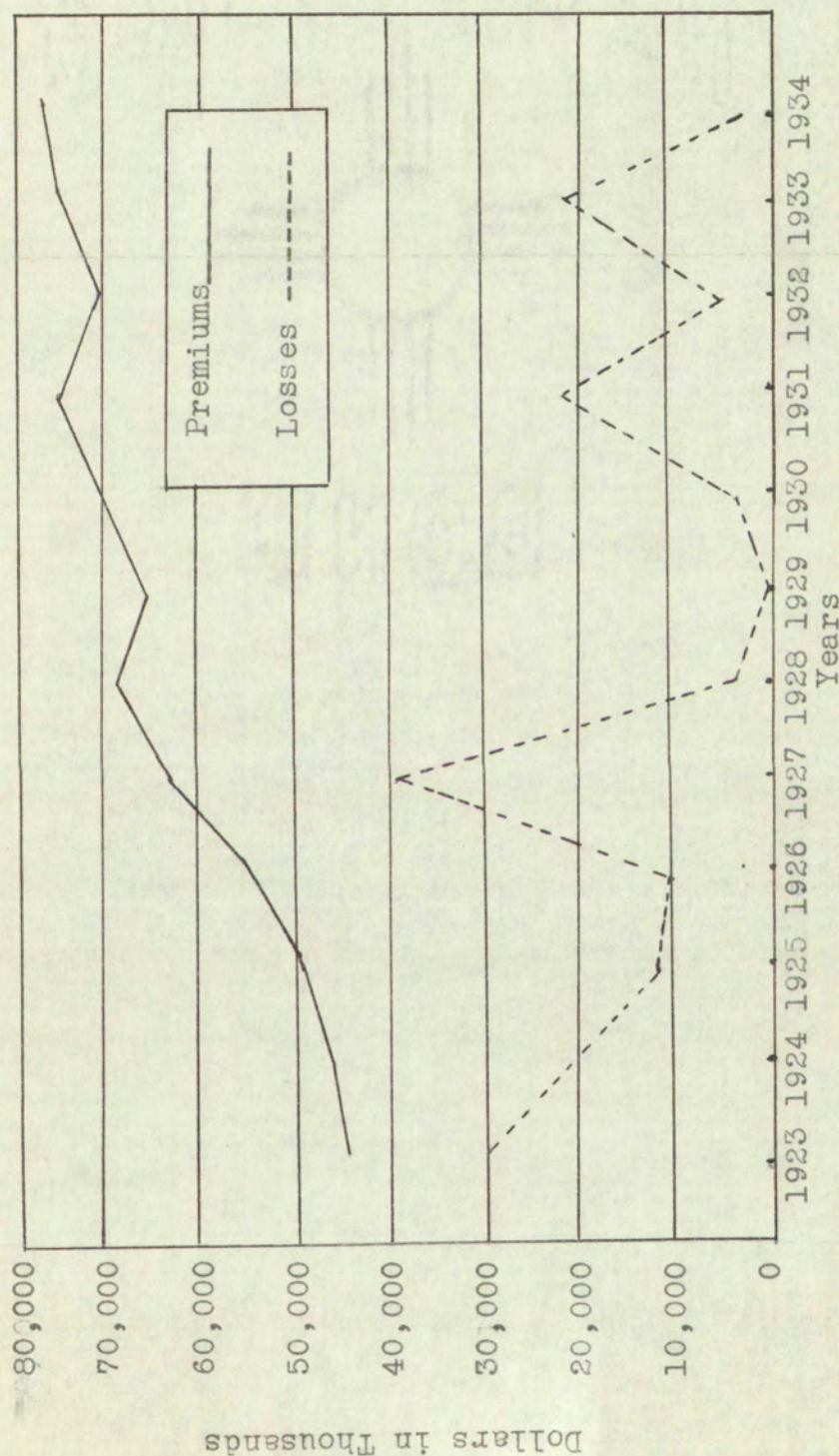
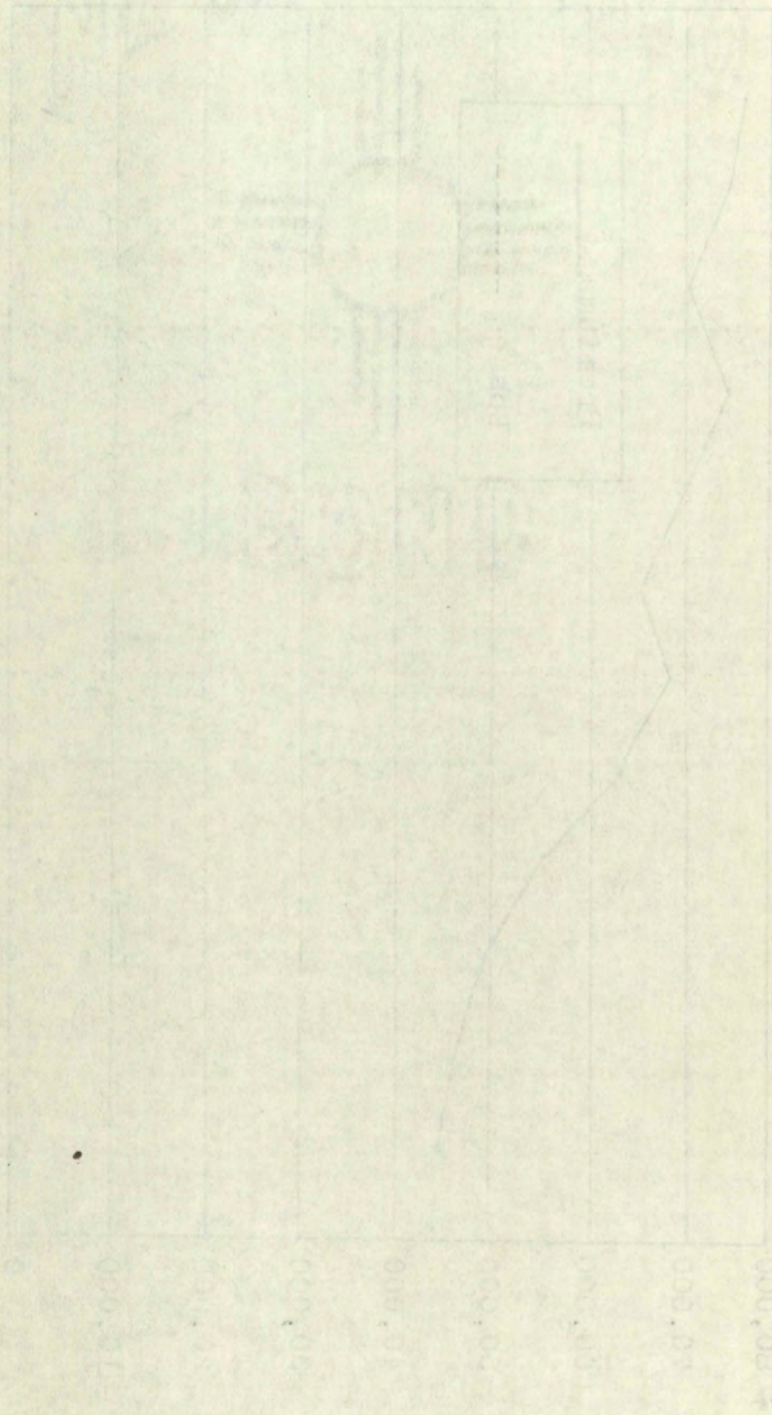


Figure 7, Amounts Paid by Public Schools in New Mexico for Premiums on Property Insurance From 1923, to 1934, Inclusive, and Loss Reimbursements Received From Insurance Companies During the Same Period.







High School in Torrance County, \$10,000 in 1926; and Mansker school in Union County, \$10,000 in 1927. Five counties, Catron, De Baca, McKinley, Rio Arriba, and Socorro, reported no losses for the twelve-year period. With total premiums of \$767,863.26 and losses of \$171,410.16 during the twelve years from 1923 to 1934, inclusive, the public schools of New Mexico

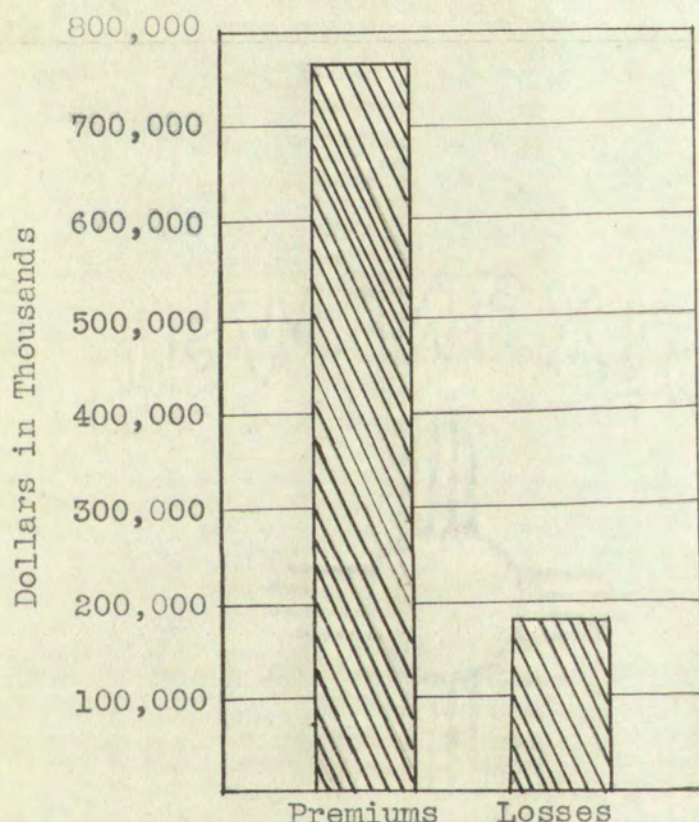


Figure 8. Comparison of the Amounts Paid by Public Schools for Property Insurance Premiums From 1923 to 1934, Inclusive, and Amounts Received for Losses During the Same Period.

have had a loss ratio of 22.32 per cent.

A comparison of public school loss reports to the writer with reports from the same officials to the educational budget



High School in Lawrence County, \$10,000 in 1935; and Lincoln School in Union County, \$10,000 in 1937. Five counties, Carter, De Kalb, McIntosh, Wilkes, and Wood, reported no losses for the twelve-year period. With total premium of \$785,34 and losses of \$17,450.18 during the twelve years from 1925 to 1934, inclusive, the public schools of New Mexico

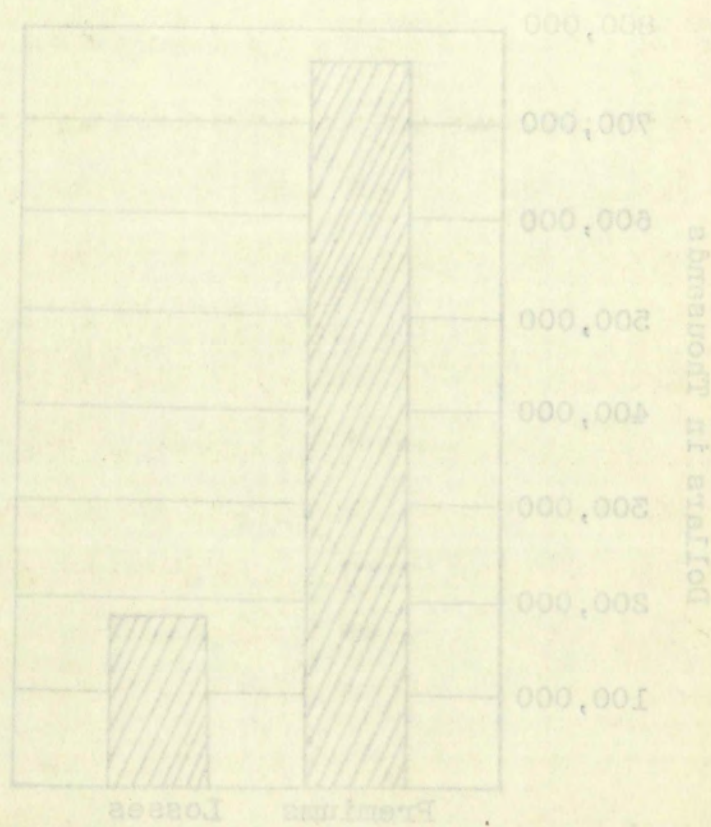


Figure 3. Comparison of the Amounts Paid by Public Schools for Property Insurance Premiums from 1925 to 1934, Inclusive, and Amounts Received for Losses During the Same Period.

have had a loss ratio of 2.25 per cent. A comparison of public school loss ratios to the writer with reports from the same officials to the educational budget



auditor shows close agreement. For example, during the calendar year 1934 the former reports disclosed losses of \$3,370.59 and the latter, for the fiscal year of 1934-1935 showed \$4,599.58. The calendar year 1935 is not included in this study. There was, however, perfect agreement in the reports, since it was discovered that some reports to the educational budget auditor contained private property losses.

#### Premiums and Losses on all Classes

Total premiums paid for all public property in New Mexico from 1923, 1926, and 1927 to 1934, inclusive, amount to \$1,253,627.95 and losses to \$273,798.52<sup>1</sup>.

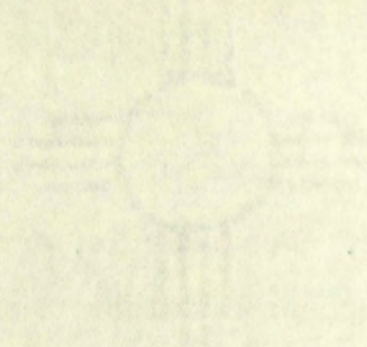
In an effort to determine the correctness of loss reports, the total amount of losses as reported in this study was compared with figures provided by the National Board of Fire Underwriters.<sup>2</sup> A total of \$196,618.66 has been paid by insurance companies for insured losses on public buildings in New Mexico for the Period from 1927 to 1933, inclusive, as reported by officials to the writer. In contrast, the amount of property loss sustained by approximately the same kind of property for the same period, as reported to the National Board of Fire Underwriters, was \$349,526. The

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<sup>1</sup>See Table V, Appendix A, and Figure 9, next page.

<sup>2</sup>Since 1916, reports of fire losses have been made to the Actuarial Bureau Committee of the National Board of Fire Underwriters by about two hundred major companies which were affiliated in 1933. Twenty-five per cent is usually added to their estimates for unreported and uninsured losses. See Table IX, Appendix B.





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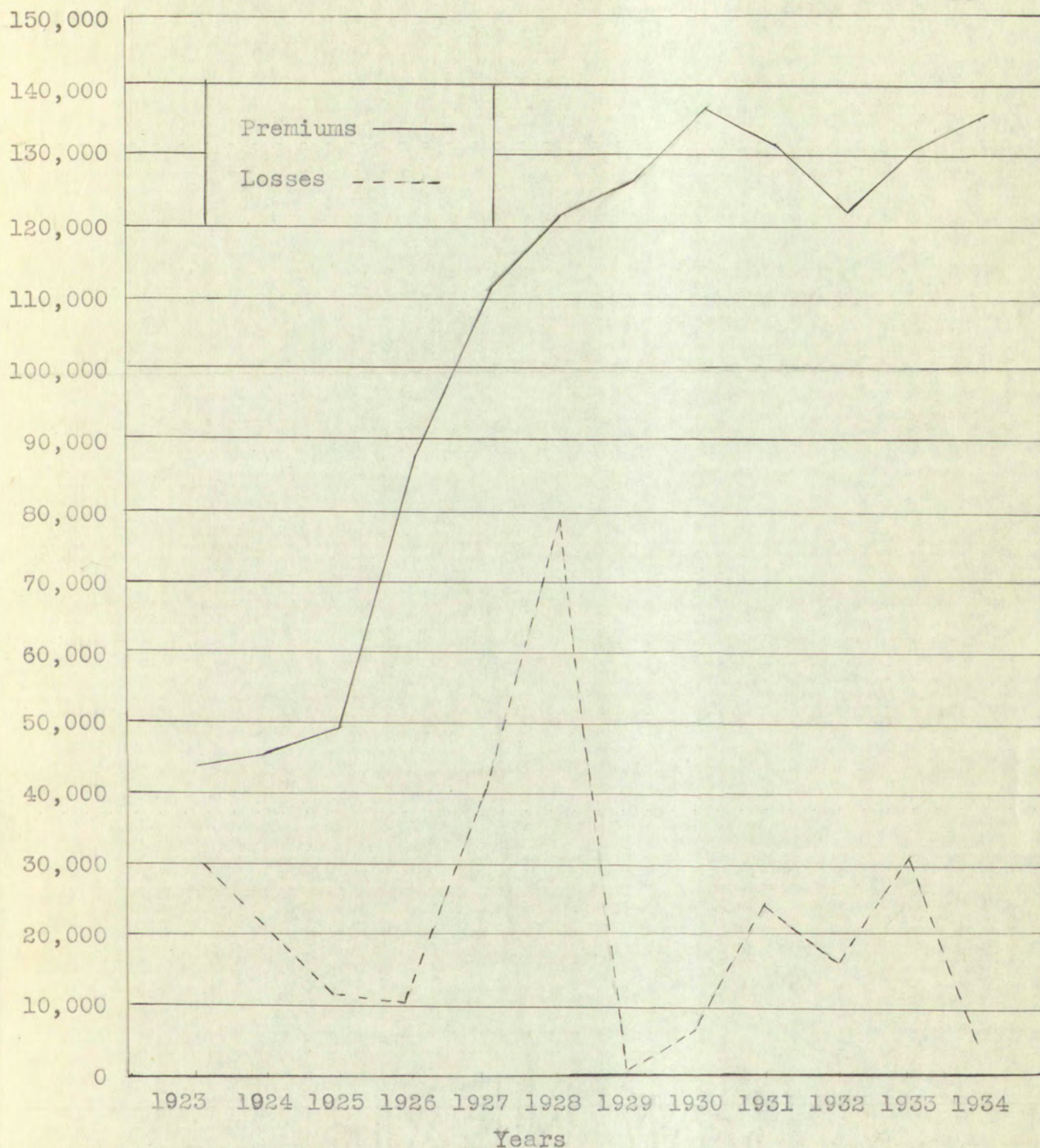


Figure 9. Amounts Paid for Insurance Premiums on all Classes of Public Property in New Mexico Over Approximately Twelve Years, 1923 to 1934, and Loss Reimbursements Received from Insurance Companies During the Same Period.



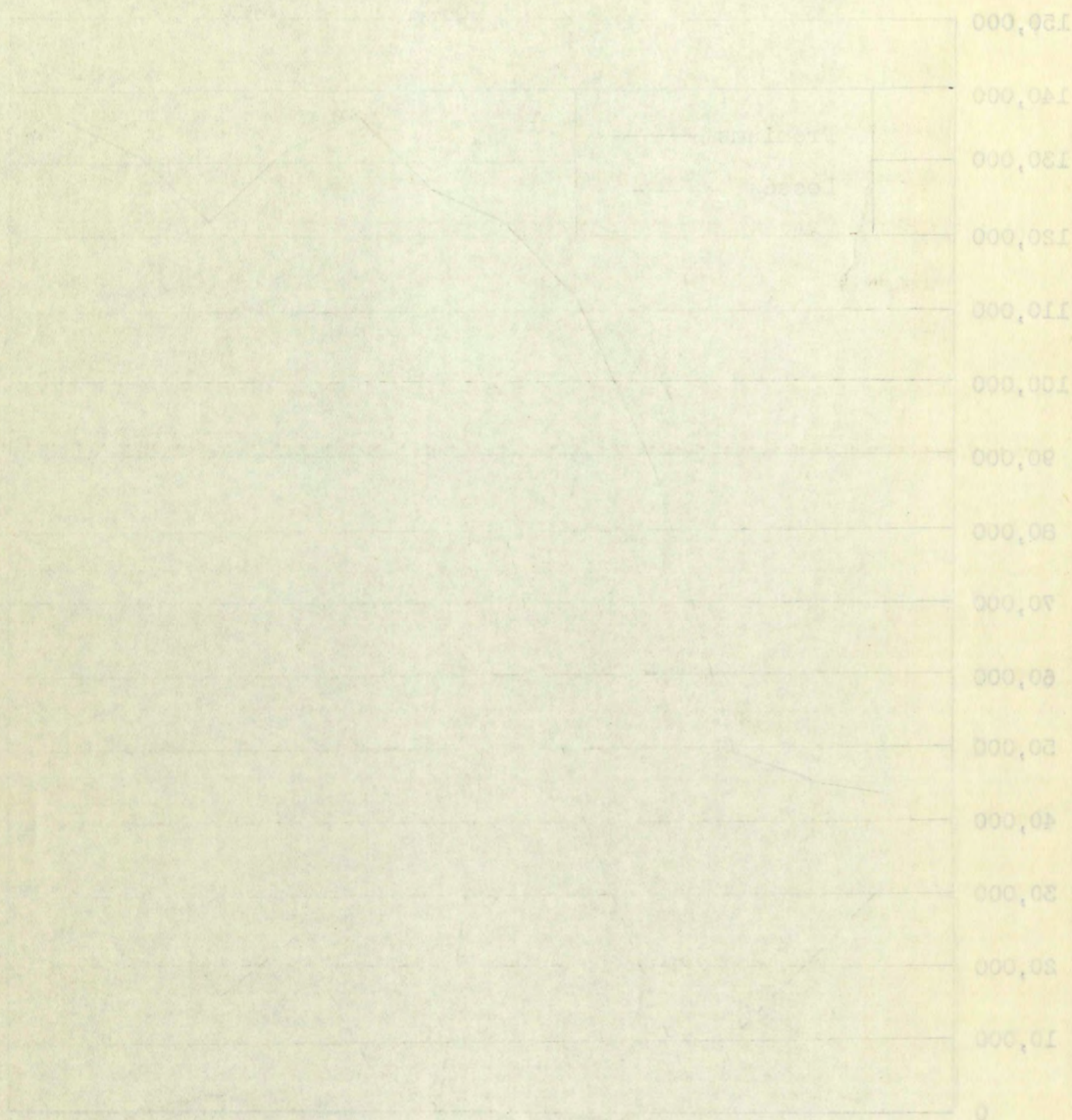


Figure 2. Amounts of property in the United States and loss of property in the United States, 1967-2010. Same period.



difference, 44 per cent, in the two amounts reported may be accounted for partially by the fact that the data are not comparable. In this study officials reported only the amounts which have been paid to them by insurance companies for insured losses, whereas the National Board of Fire Underwriters' total includes the entire amount of public property which was destroyed, regardless of the amount paid

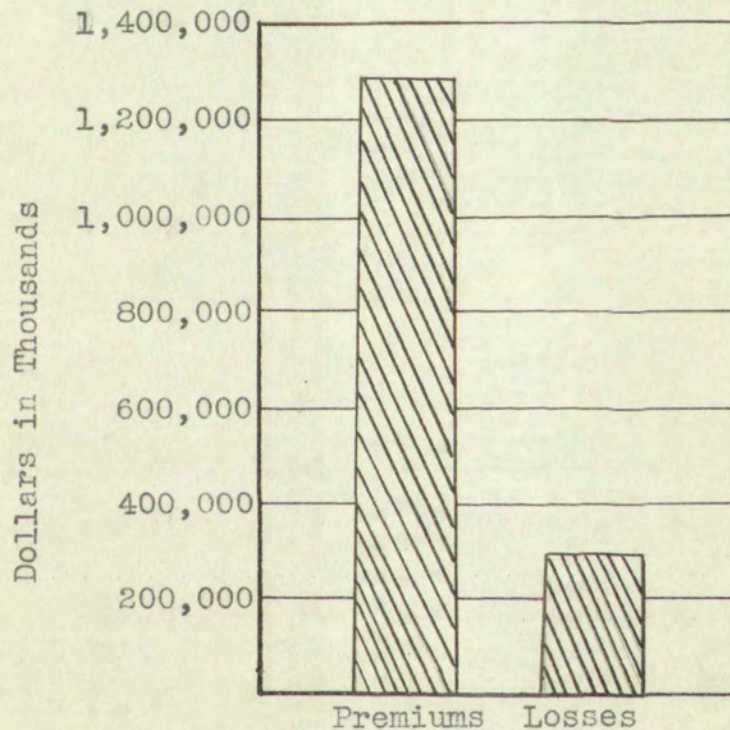


Figure 10. Comparison of Amounts Paid for Property Insurance Premiums on All Classes of Public Property From 1923 to 1934, Inclusive, and Amounts Received for Losses During the Same Period.

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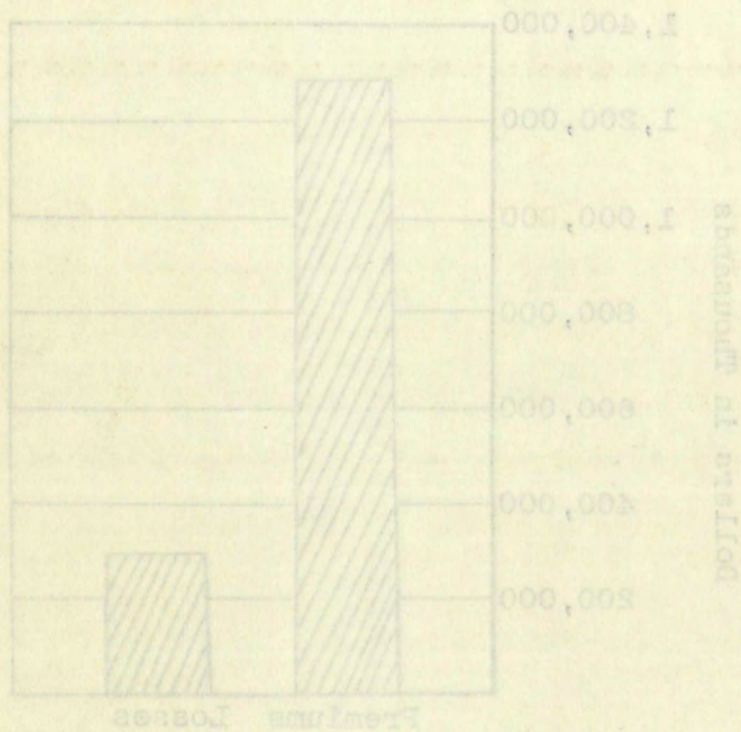


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by insurance companies in accordance with provisions of the policy. Some of the difference may be accounted for by var-



iations in the classification of property.<sup>1</sup>

A loss ratio of 21.84 per cent, or a return of almost twenty-two cents in loss payments as contrasted with each dollar spent for insurance premiums, has been experienced on all public property in New Mexico.<sup>2</sup> State institutions show the highest ratio, namely 28.86 per cent, and municipalities the lowest, 2.91 per cent.

Of all public property, the public schools most nearly approach the average loss ratio on all public property. The general belief that schools suffer a greater loss than any other form of public property cannot be justified upon the basis of experience in New Mexico for the period included in this study. The ratio on public school property has been less than one per cent more than public property as a whole, and school property has paid 61.25 per cent of the premium expenditure for all public property.

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<sup>1</sup>Since 1916, reports of fire losses have been made to the Actuarial Bureau Committee of the National Board of Fire Underwriters by about two hundred major companies which were affiliated in 1933. Twenty-five per cent is usually added to their estimates for unreported and uninsured losses. See also Table IX, Appendix B.

<sup>2</sup>See Table VI, Appendix A, Figure 10 on preceding page, and Figure 11 on next page.







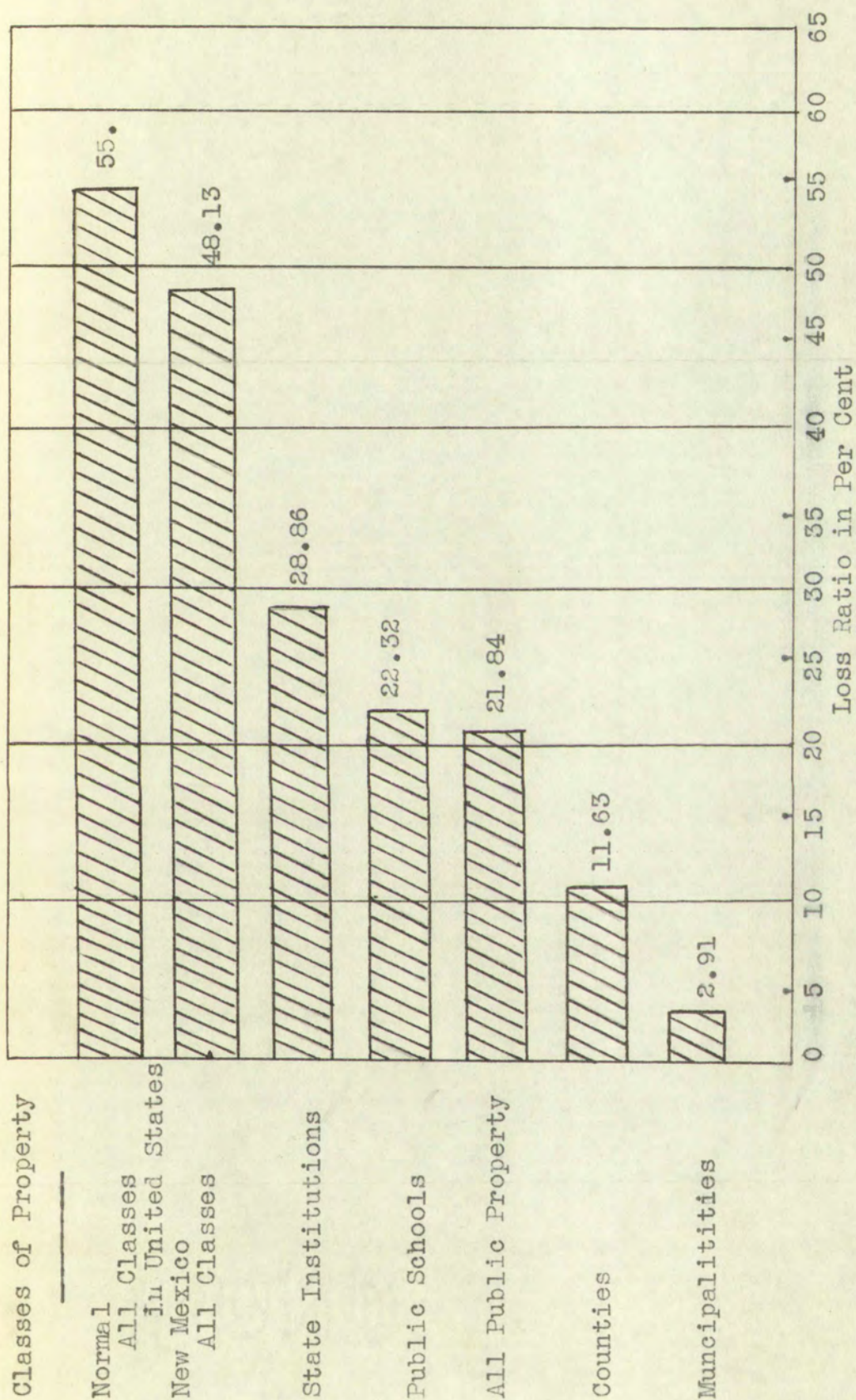


Figure 11. Comparison of Loss Ratios on Each Division of Public Property in New Mexico With the Average Ratio on all Classes of Property in New Mexico and the United States.







## CHAPTER III

### NEW MEXICO'S LOSS RATIO IN COMPARISON WITH OPTIMUM STANDARDS AND EXPERIENCES OF OTHER STATES

#### Introduction

The main purpose of this chapter is to determine whether insurance loss ratios on public property in New Mexico are sufficiently low to warrant some action on the part of the state or its subdivisions to secure lower insurance rates. In order to do this it is necessary first to derive standards as a basis for comparing New Mexico's loss ratios on public property.

In order to determine standards an analysis was made of authoritative works on insurance and a survey made of the experience of insurance companies and of states operating under self-insurance plans.<sup>1</sup> The four items among which the premium dollar is divided or distributed, namely, (1) losses, (2) reserve, (3) expenses, and (4) profit on invested capital, were considered.<sup>2</sup> In order to learn whether or not the loss ratios

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<sup>1</sup>Riegel, Robert, and Loman, H. J. Insurance, Principles and Practices, pp. 27-38. See also Crawford, William S. The Background of Fire Insurance, pp. 33-34.

<sup>2</sup>Hotchkiss, William H. Case Against State Insurance, p. 7.



INTRODUCTION

The main purpose of this report is to provide a comprehensive overview of the current state of the research in the field of [unintelligible]. The report is organized into several sections, each of which addresses a specific aspect of the research. The first section discusses the background and motivation for the research. The second section describes the methodology used in the study. The third section presents the results of the study, and the fourth section discusses the implications of the findings. The report concludes with a summary of the main findings and a list of references.

In order to be able to do this, it is necessary to first establish a common understanding of the terms and concepts used in the report. This is done in the first section, which defines the key terms and concepts used throughout the report. The second section describes the methodology used in the study, including the data collection methods and the statistical analysis techniques used. The third section presents the results of the study, and the fourth section discusses the implications of the findings.

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for New Mexico, as set forth herein, are sufficiently representative to be used in making comparisons with accepted standards, it was necessary to determine whether they are based upon experiences covering a sufficient geographical area, volume of insurance, and period of time to make them valid and reliable. The first of these standards to be considered was that of the distribution of the premium dollar.

#### Distribution of the Premium Dollar

Allowance for losses and loss reserve. The first division of the premium income as previously mentioned is for losses. The president of the National Board of Fire Underwriters for 1934 reports a loss ratio of 55 per cent by stock companies for fire and lightning business on all property in the United States for the seventy-four years from 1860 to 1933, inclusive.<sup>1</sup> Because of the long period over which this experience extends, and its inclusion of conflagrations, this percentage represents perhaps the most dependable one. Data compiled by the National Board of Fire Underwriters from reports from direct writing companies, domestic and foreign, on fire and lightning business on all kinds of property from 1909 to 1931, inclusive, in the United States show loss ratios ranging from 36.26 per cent in Florida to 61.58 per cent in Delaware, and from 39.99 per cent in 1917 to 60.16 per cent in 1934.<sup>2</sup> No

<sup>1</sup>See Figure 12, next page.

National Board of Fire Underwriters. Proceedings of the Sixty-Eighth Annual Meeting...., pp. 131-133.

<sup>2</sup>National Board of Fire Underwriters. Premiums and Losses, 215 pp. See also Best, Alfred M. Best's Insurance Guide with Key Ratings, pp. 469-471. See Tables X and XI in Appendix B.







average loss ratio is given by the National Board for this period.

Dean, an authority on the basic principles of fire insurance, contends that losses will require 52 per cent of the premium dollar.<sup>1</sup> Although this figure is slightly less than the national average over a long period, it is almost identical with the ratio of losses to premium receipts for all stock insurance companies doing business in the United States for the eleven year period from 1920 to 1930, namely, 51.4%.<sup>2</sup> During this period, however, no major conflagrations, such as those of 1872 and 1906, occurred. Dean's percentage, as well as the one just cited, would be increased by the addition of the percentage for a catastrophe reserve.

The possibility of variance in the average loss ratio over a long period of time is small on the basis of present rates.<sup>3</sup> It is true that conflagrations disturb the normal average, but a loss ratio established as a national average over a long period must make allowance for these conflagrations.<sup>4</sup> It has been agreed by representatives of the National Board of Fire Underwriters and the National Convention of Insurance Commissioners, on the basis of experience, that an underwriting

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<sup>1</sup>Dean, A. F. The Philosophy of Fire Insurance, Vol. 2, p. 224.

<sup>2</sup>National Association of Public School Business Officials. Insurance Practices and Experience of City School Districts ..., p. 49.

<sup>3</sup>Best, Alfred M. Best's Digest of Insurance Stocks, pp. iii.

<sup>4</sup>Catastrophies, in addition to conflagrations may be such disturbances as earthquakes, panics, drouths, and depressions.







margin or reserve of three per cent should be allowed for conflagrations.<sup>1</sup> The 52 per cent considered to be adequate for losses and the three per cent allowed for conflagrations total 55 per cent, the percentage to be allowed for losses and loss reserve.

Allowance for expenses. As to the amount which is needed by insurance companies for expenses, Dean considers 40 to 42.5 per cent of the premium dollar as necessary.<sup>2</sup> Gephart concurs in this opinion by suggesting that the states might restrict the expense ratio to 40 per cent; he shows that during various ten-year periods there has been an expense ratio of 38 per cent,<sup>3</sup> of which 21 per cent went for commissions and 17 per cent for salaries, rent, and so on. Hotchkiss likewise figures that expense, sometimes designated as "loading," is about 40 per cent of the premium.<sup>4</sup> Riegel and Loman assume the expense to be higher, about 45 per cent.<sup>5</sup> Biel<sup>6</sup> says that insurance companies in New Mexico expect 45 per cent of the

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<sup>1</sup>National Association of Public School Business Officials. Insurance Practices and Experience of City School Districts ..., p. 9.

<sup>2</sup>Dean, A. F. The Philosophy of Fire Insurance, Vol. 1, p. 33; Vol. 2, pp. 233-239, 275-304. Dean's division of the premium money is 52 per cent for losses, 40 to 42.5 per cent for expenses, and 5.5 per cent for profit. He has not allowed 3 per cent for conflagrations. At other times, however, Dean has suggested a 3 per cent conflagration reserve and a 5 per cent underwriting profit.

<sup>3</sup>Gephart, W. F. Insurance and the State, p. 103.

<sup>4</sup>Hotchkiss, William H. Case Against State Insurance, p. 7.

<sup>5</sup>Riegel, Robert, and Loman, H. J. Insurance, Principles and Practices, pp. 394-395.

<sup>6</sup>Insurance commissioner of New Mexico.







premium to be used for operation, profit, adjustment, commissions, and salaries. Viles considers that about half is used for overhead, selling, advertising, rent, salaries, traveling, rating, adjusting, servicing, taxes<sup>1</sup> and profits on invested capital.<sup>2</sup> Statistics compiled by the National Association of Public School Business Officials show that the underwriting expense from 1926 to 1930, inclusive, to be 46.6 per cent.<sup>3</sup>

Numerous writers on the subject of the expense ratio contend that this figure is too high.<sup>4</sup>

No effort is made here to justify the highest expense ratio suggested nor the lowest, but it seems reasonable to accept 42.5 to be adequate to allocate to expenses.<sup>5</sup>

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<sup>1</sup>Huebner, Solomon S. Property Insurance, p. 319. On premium income, less reinsurance and refunds, tax is from 1 to 3 per cent in various states.

<sup>2</sup>National Association of Public School Business Officials. Insurance Practices and Experience of City School Districts..., p. 17. See also Gephart, W. F. Insurance and the State, p. 108. See also Riegel, Robert, and Loman, H. J. Insurance, Principles and Practices, pp. 114-136.

<sup>3</sup>National Association of Public School Business Officials. Insurance Practices and Experience of City School Districts..., p. 89.

<sup>4</sup>McCahan, David. State Insurance in the United States, p. 232.

<sup>5</sup>In connection with both loss and expense ratios, it is interesting to consider certain requirements of the Prudential Life Insurance Company in demanding additional collateral to protect loans made to fire insurance companies. These companies in order to meet requirements are not expected to have had during the preceding five years ratios in excess of 40 per cent for losses and 30 per cent for expenses, whereas the authorities above have justified 42.5 per cent.<sup>6</sup>

<sup>6</sup>National Association of Public School Business Officials. Insurance Practices and Experience of City School Districts..., pp. 9-14. See also Riegel, Robert, and Loman, H. J. Insurance, Principles and Practices, pp. 394-395.







Allowance for profit. The amount of the premium dollar utilized for stockholders' profits on underwriting varies with companies, localities, and conditions. "A rate of profit now generally assumed and often prescribed by law is  $3\frac{1}{2}$  per cent; but 3 per cent is also frequently used<sup>1</sup>." From 1886 to 1895, inclusive, 2.5 per cent of the premiums was allocated for dividends, and 4 per cent for reserves<sup>2</sup>.

The agreement reached between representatives of the National Board of Fire Underwriters and the National Convention of Insurance Commissioners accepted 5 per cent as being the minimum reasonable underwriting profit to be declared on the basis of experience over five-year periods<sup>3</sup>. This percentage may be reduced when a period of more than five years is used as the basis for computation. In other words, the longer the period the more likely are the experiences to be dependable as standards. In this study 2.5 per cent is the amount considered necessary to meet the requirement as to profit, although more is allowed in the event that losses or expenses run lower than expected.

Summary. "Insurance protection is figured on a basis of rates

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<sup>1</sup>Riegel, Robert, and Loman, H. J. Insurance, Principles and Practices, p. 119. See also Dean, A. F. The Philosophy of Fire Insurance, Vol. 1, p. 72.

<sup>2</sup>Cornell, F. W. Principles and Finance of Fire Insurance, p. 143.

<sup>3</sup>National Association of Public School Business Officials. Insurance Practices and Experience of City School Districts..., pp. 9-14. See also Riegel, Robert, and Loman, H. J. Insurance, Principles and Practices, pp. 394-395.



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 Cornell, F. W. Principles and Practice of Fire Insurance,  
 p. 142.  
 National Association of Public School Business Officials.  
 Insurance Principles and Practices of Public School Districts,  
 pp. 2-16. See also Intergal, Robert, and Loomis, H. J. Insur-  
 ance, Principles and Practice, pp. 142-143.



established to yield twice the amount of expected losses.<sup>1</sup>" In addition to a 3 per cent reserve for conflagrations, 52 per cent is set aside for losses, 42.5 per cent for expenses, and 2.5 per cent for profit on underwriting. Any decrease in losses or operation expense over a long period would increase this 2.5 per cent to 5 per cent or more.

No objection is raised in this study to the allowances set forth in the preceding paragraph, although all these percentages may be open to objection from the point of view of New Mexico's experience. If this distribution is correct, this means that 50.5 per cent of the premium dollar in New Mexico is used for purposes which do not directly concern the public. The remaining 49.5 per cent has been allowed for losses, even though the evidence points to the conclusion that only 21.84 per cent is needed for this purpose, leaving 27.66 per cent to be distributed as profit.

#### Validity of New Mexico's Loss Ratio

The distribution of premium money indicated in the preceding section is true in normal circumstances, and may be expected to be maintained when the insurance covers sufficient area, time, and amounts of property.<sup>2</sup> If normal or standard

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<sup>1</sup>National Association of Public School Business Officials. Insurance Practices and Experience of City School Districts..., p. 17.

<sup>2</sup>Gephart, W. F. Insurance and the State, p. 148. See also Dean, A. F. The Philosophy of Fire Insurance, Vol. 2, p. 222. See also a letter from R. D. Hobbs, Western Actuarial Bureau, dated Dec. 3, 1935.







conditions are met and the loss ratio drops below 52 per cent, the area shows a favorable or low loss ratio; if the loss ratio goes above 52 per cent, the area shows an unfavorable or high loss ratio.

Just what is required as to area, time, and volume has not been determined beyond a doubt, although there is agreement as to standards for practical purposes. These items are discussed in succeeding paragraphs in order to determine whether or not the loss ratio of 21.84 per cent on public property in New Mexico has been experienced under representative and standard conditions.

Area. Insurance company officials believe that the state as a geographical unit is much less satisfactory than a wider area of territory as a basis for establishing dependable loss ratios.<sup>1</sup> Some writers on insurance have suggested that in order to overcome this limitation, a single state may use the experience of other states in determining loss ratio averages.<sup>2</sup> The agreement mentioned heretofore between representatives of the National Board of Fire Underwriters and the National Convention of Insurance Commissioners accepts the state as the logical geographical unit.<sup>3</sup> In fact, the state seems generally to be considered the only possible standard.<sup>4</sup>

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<sup>1</sup>Gephart, W. F. Insurance and the State, p. 129.

<sup>2</sup>Ibid., p. 151.

<sup>3</sup>National Association of Public School Business Officials. Insurance Practices and Experience of City School Districts..., p. 9.

<sup>4</sup>Dean, A. F. The Philosophy of Fire Insurance, Vol. 2, p. 277.







Time. Although no one is able to say just what length of time should be included in a loss ratio study in order to have dependable results, Dean does not doubt that a twenty-five year period is adequate.<sup>1</sup> Riegel and Loman do not hesitate to approve a much shorter period, namely fourteen years, as sufficient for North Dakota.<sup>2</sup> Dean further concedes that when ten-year periods are used, fluctuation does not fail to equal the true average by more than one or two per cent. Although he does not accept a five-year period as being sufficient, he points out that it is more accurate than a one-year period, which under no circumstances is acceptable.<sup>3</sup>

Representatives of the National Board of Fire Underwriters and the National Convention of Insurance Commissioners decided upon five years as the necessary minimum for the calculation of averages.<sup>4</sup> The selection of a five-year period is merely a matter of judgment and a compromise so that there may be a practical standard.<sup>5</sup>

Volume. There seems to be no agreement on the question of the amount of insurance which must be carried in a certain area,

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<sup>1</sup>Dean, A. F. The Philosophy of Fire Insurance, Vol. 2, p. 222.

<sup>2</sup>Riegel, Robert, and Loman, H. J. Insurance, Principles and Practices, p. 41.

<sup>3</sup>Dean, A. F. The Philosophy of Fire Insurance, Vol. 1, p. 5; Vol. 3, p. 71.

<sup>4</sup>National Association of Public School Business Officials. Insurance Practices and Experience of City School Districts..., p. 9.

<sup>5</sup>Dean, A. F. The Philosophy of Fire Insurance, Vol. 2, pp. 266-267.







such as the state, in order to have sufficient volume for a dependable loss ratio experience on the basis of five-year periods or longer.

Some insurance company officials are unwilling to admit that any single class of property, such as that included in this study, is a sufficient basis for determining a dependable loss ratio because, first, a single class of property has insufficient volume, and, second, by the removal of a single class of property from all other classes of property the experience on remaining classes of property will be unbalanced.<sup>1</sup> Of these two objections, the former is more significant than the other from the point of view of this study.<sup>2</sup>

In accordance with the opinion of most insurance authori-

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<sup>1</sup>In a letter from R. D. Hobbs, Western Actuarial Bureau, dated Dec. 3, 1935.

<sup>2</sup>Regarding the second objection, if a reliable loss ratio has been established, however, the chief concern is whether the removal of a single class of property will affect seriously the experience of the remaining classes of property, considered as a whole. It would not be advisable from the point of view of insurance companies to remove a single class of property if removal would increase materially the loss ratio on the remaining classes. An increase is not apparent in this study, however. Figures taken from Table V in Appendix A, and Table XII in Appendix B, show that when premiums of \$886,722.41 for the years 1927 to 1933, inclusive, for public property have been deducted from \$11,439,562.20, the total premium on all classes for the same years, and when losses of \$196,618.66 on public property have been deducted from \$5,084,384.64, the total losses on all classes for the same years, the remaining premiums of \$10,552,839.79 and losses of \$4,887,765.98 give a loss ratio of 46.31 per cent on all classes of property in New Mexico for the period from 1927 to 1933, inclusive, which percentage is only 1.82 per cent less than the ratio on all classes of property in New Mexico from 1882 to 1933, inclusive, which is 48.13 per cent.



such as the estate, in order to have sufficient volume for a dependable loss ratio experience on the basis of five-year periods or longer. The estate is not willing to admit that any single class of property, such as that included in this study, is a sufficient basis for determining a dependable loss ratio because, first, a single class of property has insufficient volume, and, second, by the removal of a single class of property from all other classes of property the experience on remaining classes of property will be unbalanced. Of these two objections, the former is more significant than the other from the point of view of this study. In accordance with the opinion of most insurance authorities

In a letter from R. D. Hobbs, Western Actuarial Bureau, dated Dec. 2, 1935.

Regarding the second objection, if a reliable loss ratio has been established, however, the chief concern is whether the removal of a single class of property will affect seriously the experience of the remaining classes of property, considered as a whole. It would not be advisable from the point of view of insurance companies to remove a single class of property if removal would materially affect the loss ratio on the remaining classes. An insurance is not reported in this study, however, because Table V in Appendix A, and Table III in Appendix B, show that when premiums of \$300,000 for the years 1927 to 1935, inclusive, for public property have been deducted from \$1,450,000, the total premium on all classes for the same years, and when losses of \$190,000 on public property have been deducted from \$5,000,000, the remaining total loss of all classes for the same years, the remaining premium of \$1,260,000 and losses of \$4,810,000 give a loss ratio of 38.1 per cent on all classes of property in New Mexico for the period from 1927 to 1935, inclusive, which percentage is only 1.50 per cent less than the ratio on all classes of property in New Mexico from 1927 to 1935, inclusive, which is 39.6 per cent.



ties that the volume must be such that the largest possible loss will not materially affect the average, the first attempt to determine the adequacy of the premium volume was to consider the possibility of the largest possible public property loss disturbing the average to the extent that the loss ratio which has been experienced on public property in New Mexico would not be dependable.

Since no public building in New Mexico is of such value that its complete destruction would materially affect the average over a long period of years, it is likely that the volume is sufficient. A total loss of the most valuable risk would increase the loss ratio over a short period of years, but any long period in which such a loss would occur, would probably not differ greatly from the experience of any other period, since there are large and small losses in any period.

If the view of one insurance authority is accepted, that is, that the experience of other states may be added to that of a single state, such as New Mexico, in order to increase the total volume of business on a single class of property, it is possible to make a comparison of all public property for which data are available.<sup>1</sup> Accordingly, whether or not

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<sup>1</sup>Gephart, W. F. Insurance and the State, p. 151. It is interesting to note the difference between the loss ratio experience on public property alone and that on all classes of property in New Mexico, including public property. As stated previously, the combined four divisions of public property in New Mexico had a loss ratio of 21.84 per cent from 1923 to 1934, inclusive. According to Table XII in Appendix B, the loss ratio on all classes of property in New Mexico, including public property, for the fifty-two years from 1882







the loss ratio experience on public property in New Mexico, namely, 21.84 per cent, is unusual may be determined by making comparisons with the loss ratios in certain states which separate public property from other classes, and with various classes of public property in the United States as a whole.

Loss ratios on public property range from 9.72 per cent in Michigan to 29.65 per cent in North Dakota, two of the six self-insuring states which segregate public property for insurance purposes.<sup>1</sup> The average of the loss ratios in all six self-insuring states just mentioned is slightly lower than that on public property in New Mexico, but the difference can be attributed to the fact that the loss ratio for New Mexico includes all public property, whereas some risks are omitted from the loss ratio experience in most of the six self-insuring states. The average annual premium for these six states is \$175,091.97 compared to \$104,468.99 for New Mexico. New Mexico compares favorably with these states as to loss ratios, but its volume of public property premiums is considerably less.

Of the six self-insuring states under consideration, the one which most nearly approaches New Mexico in the classes of property included in the loss ratio experience is South Carolina, which state includes all public property except the state

to 1933, inclusive, was 48.13 per cent.<sup>2</sup> The difference between these two percentages is 26.29. In other words, the loss ratio on public property in New Mexico is less than half as large as the loss ratio on all classes of property in New Mexico, including public property.

<sup>1</sup>See Table XIII, Appendix B.

<sup>2</sup>New Mexico. Corporation Commission. Annual Report of the Insurance Department, 1927, p. 38; 1933, p. 39.







capitol. The difference in premium volume between these two states is not so marked, being only \$68,461.94 higher annually in South Carolina than in New Mexico. The loss ratios of these two states differ only slightly, being 2.98 per cent, less in New Mexico than in South Carolina, using a twelve-year period for the former and a thirty-six year period for the latter.

States which do not insure their own public property have little available data on insurance practices. No information was available in 1933 for twenty-eight of the states.<sup>1</sup> Seven states for which data, chiefly on school property, are available show that the loss ratio in New Mexico is lower in four instances and higher in three than the loss ratio in these states, and all of the ratios mentioned have been over periods of time averaging less than half as long as that for New Mexico.<sup>2</sup>

Information regarding the volume of business and the loss ratio experience for the entire United States is difficult to find, because no agency, even the National Board of Fire Underwriters, keeps for publication any statistics by classes of property. A study made by Melchior shows a loss ratio of 24.25 per cent for public school buildings in fifty-nine United

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<sup>1</sup>Jedlica, A. I. "What Price Insurance?" School Executive's Magazine, Vol. 52, p. 183, January, 1933.

<sup>2</sup>See Table XIV, Appendix B. Four non-self-insuring states of the Rocky Mountain region show loss ratios on school property of 14.08 per cent for Colorado, no losses for Idaho, 63.69 per cent for Montana, and no losses for Wyoming. Although no conclusion may be drawn from this representation, there is some indication that the Rocky Mountain States, except Montana, show a very low loss ratio along with New Mexico.<sup>3</sup>

<sup>3</sup>National Association of Public School Business Officials. Insurance Practices and Experience of City School Districts..., pp. 48-49.







States cities with populations of 30,000 to 100,000.<sup>1</sup> The nation-wide survey reported in 1932 by the National Association of Public School Business Officials,<sup>2</sup> shows a loss ratio of 29.31 per cent for public schools in 345 representative cities of 3,075 to 1,233,561 population in all states for the period from 1921 to 1930, inclusive, and 28.7 per cent for these same cities and thirty-five additional cities of the same size in Canada.<sup>3</sup> The forty-nine cities and the six states with self-insurance are not included in these data.<sup>4</sup> In comparison with the findings in these two studies, the loss ratio on public property in New Mexico is below the average on the same class of property throughout the United States.

Although it is maintained by most authorities, as mentioned previously, that no volume is sufficient when the greatest single loss may disturb seriously the average,<sup>5</sup> some authorities indicate, however, that "the experience of any class of risk over a period of years is obtained by a comparison of the total of the premiums received in that class, with the total of

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<sup>1</sup>Skaaland, S. G. "Public-Property Insurance." American School Board Journal, Vol. 75, pp. 41-42, Oct., 1927.

<sup>2</sup>"Approximately 15.5 per cent of the entire population and 23 per cent of the value of all public school buildings in the United States are represented" in this study.<sup>4</sup>

<sup>3</sup>National Association of Public School Business Officials. Insurance Practices and Experience of City School Districts..., pp. 48-49.

<sup>4</sup>Ibid., pp. 21-46.

<sup>5</sup>In a letter from R. D. Hobbs, Western Actuarial Bureau, dated Dec., 3, 1935.







the loss paid and outstanding plus an appropriate loading charge to cover expenses incurred.<sup>1</sup>" If this opinion may be accepted as authoritative, the experience of New Mexico may be said to be valid in so far as volume is concerned. In addition to this assumption, further evidences of the sufficiency of the volume of public property in New Mexico are shown by the similarity of New Mexico's experience and the experience on public property in other states and in the United States.

Summary. Insurance officials agree that a state, or an area with a volume of business equal to a state, is the only acceptable minimum or practical area which may be used in determining an accurate loss ratio experience record. They also agree that the minimum time limit for determining an accurate loss ratio is five years. The volume of business required must be large enough to prevent any single loss from affecting the average.

A further evidence of favorable experience is the recent voluntary reduction of rates on some classes of public property in New Mexico by the stock companies doing business in the state. Further mention of this reduction is made in the final chapter.

### Conclusion

It would seem that the requirement of area has been met in this study since the property considered herein is well

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<sup>1</sup>Cornell, F. W. Principals and Finance of Fire Insurance, p. 62.







scattered over the state. Since a five-year period is considered the minimum time over which a dependable loss ratio experience may be secured, it seems reasonable to consider that the twelve-year period included in this study meets the requirement of time. The volume of business on public property considered in this study compares favorably with the volume on similar property in those states which insure their own property, and in other states and in the United States, where data on public property are available. It may be assumed, therefore, that the volume has been sufficient if the loss ratio over the period of twelve years in the entire state has not exceeded the 52 per cent standard. In other words, the evidence presented in this division warrants the statement that the loss ratio for New Mexico as determined herein is valid and reliable for practical purposes.



considered after the state. Since a five-year period is con-  
 sidered the minimum time over which a considerable loss might  
 experience may be caused, it seems reasonable to conclude  
 that the five-year period included in this study meets the  
 requirement of time. The volume of business on public prop-  
 erty contained in this study compares favorably with the vol-  
 ume of similar property in those states which furnish their own  
 property, and in other states and in the United States, where  
 data on public property are available. It may be assumed,  
 therefore, that the volume has been sufficient if the loss re-  
 sulting over the period of business years in the entire state has  
 not exceeded the 50 per cent standard. In other words, the  
 evidence presented in this division supports the statement  
 that the loss with the New Mexico as determined herein is  
 valid and reliable for practical purposes.



## CHAPTER IV

### CONCLUSIONS AND RECOMMENDATIONS

#### Introduction

In the paragraphs which follow are presented the most important findings of the preceding chapters, accompanied by conclusions and recommendations based upon these findings. In the final section limitations of this study are indicated.

#### Findings

Loss ratios. The greater part of this study has been devoted to comparisons of premiums and losses on the four divisions or classes of public property in New Mexico. The first division, namely, state institutions, paid \$308,871.95 for premiums in the nine years from 1926 to 1934, inclusive, and received \$89,141.01 in losses. The loss ratio is 28.86 per cent. Over a period of eight years, 1927 to 1934, inclusive, counties experienced a loss ratio of 11.63 per cent, paying \$92,910.50 in premiums and receiving \$10,802.35 for losses. Municipalities paid for premiums \$83,982.24 during the nine years from 1926 to 1934, inclusive, and received \$2,445 for losses. This represents a loss ratio of 2.91 per cent. During the twelve years from 1923 to 1934, inclusive, the public schools paid the highest amount for premiums and received the largest loss payments, namely, \$767,865.26 and \$171,410.16 respectively. The loss ratio for this class of property, 22.32 per cent, is second highest among the four divisions of property.



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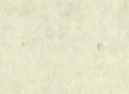
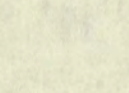
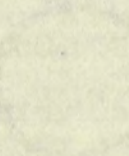
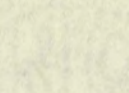
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The state paid a total of \$1,253,627.95 for insurance on the combined four divisions of public property during the period 1923 to 1934, inclusive. During this period only \$273,789.52 was repaid to the state for losses. The average annual premium payment for all classes was \$104,468.99 and the average annual loss was \$22,816.54. This experience represents a loss ratio of 21.84 per cent, based upon an experience of twelve years.

Loss ratio comparisons. The loss ratio for public school property in New Mexico has been smaller than that for state institutional property, but greater than that for county public property, or municipal public property, or all classes of public property combined. Of the premiums paid on all public property during the entire period covered by this study, 61.25 per cent was paid for insurance on public school property, and of the reimbursements for losses on public property, 62.60 per cent was received for losses on public school property. Contrary to general belief, then, public schools do not suffer the greatest loss of all public property.

The loss ratio on all classes of public property in New Mexico, 21.84 per cent, is less than half as much as the national average, 55 per cent, on all classes of property in the United States, and less than half of that experienced on all classes of property in New Mexico. In other words, in New Mexico approximately twice as much is being paid for insurance protection on public school property as is being paid on all classes



The estate paid a total of \$1,855,437.95 for insurance on

the completed four divisions of public property during the

period 1923 to 1934, inclusive. During this period only

\$275,737.52 was paid to the estate for losses. The average

annual premium payment for all classes was \$104,423.99 and the

average annual loss was \$23,413.54. This experience represents

a loss ratio of 21.84 per cent, based upon an experience of

twelve years.

Loss ratio comparison. The loss ratio for public school prop-

erty in New Mexico has been smaller than that for state insti-

tutional property, but greater than that for county public prop-

erty, or municipal public property, or all classes of public

property combined. Of the premium paid on all public property

during the entire period covered by this study, 21.84 per cent

was paid for insurance on public school property, and of the

reimbursements for losses on public property, 23.60 per cent

was received for losses on public school property. Consequently,

to general belief, then, public schools do not suffer the great-

est loss of all public property.

The loss ratio on all classes of public property in New

Mexico, 21.84 per cent, is less than half as much as the Nation-

al average, 52 per cent, on all classes of property in the United

States, and less than half of that experienced on all classes

of property in New Mexico. In other words, in New Mexico ap-

proximately twice as much is being paid for insurance protect-

ion on public school property as is being paid on all classes



of property, including public property.

Compared with other states for which data are available, New Mexico has a favorable or low loss ratio. Its experience compares favorably, for example, with that of South Carolina, a state with a premium volume about the same as that for New Mexico. There is a difference of only 2.98 per cent between South Carolina's loss ratio for thirty-six years and New Mexico's for twelve years, being less for New Mexico.

Studies covering only public school property in representative cities throughout the United States indicate that New Mexico's loss ratio is about five per cent less than it is in these cities. This is a favorable showing, since ordinarily cities are considered to have comparatively low ratios.

Since the loss ratio on public property in New Mexico is less than half of the ratio on all classes for the nation which is the area which constitutes the fundamental basis for computation of rates, and since New Mexico's ratio compares favorably with the loss ratio for other states which have experienced a low ratio on the same class of property over a long period of time, and having a volume sufficient to prevent the largest possible loss from disturbing seriously a long term average, it is evident that the loss ratio on public property in New Mexico is favorable to insurance companies.

#### Conclusions

On the basis of the data presented in this study it is reasonable to conclude that the premiums on public property in-



of property, including public property.  
Compared with other states for which data are available,  
New Mexico has a favorable or low loss ratio. The experience  
compares favorably, for example, with that of North Carolina,  
a state with a prominent volcanic record and a loss ratio for fire  
Mexico. There is a difference of only 0.50 per cent between  
South Carolina's loss ratio for fire and that of New Mexico.  
For twelve years, being lost for New Mexico.  
Studies covering only public school property in various  
tentative cities throughout the United States indicate that  
New Mexico's loss ratio is about five per cent lower than it is  
in these cities. This is a favorable situation, since children  
ly cities are considered to have a relatively low loss ratio.  
Since the loss ratio on public property in New Mexico is  
less than half of the ratio on all classes of property which  
is the area which constitutes the fundamental basis for com-  
parison of rates, and since New Mexico's ratio compares favor-  
ably with the loss ratio for the majority of other states,  
needed a low ratio on the new class of property over a long  
period of time, and having a volume sufficient to permit the  
largest possible loss from a burning, certainly a long term  
average, it is evident that the loss ratio on public property  
in New Mexico is favorable to that of other states.  
On the basis of the data presented in this study it is  
reasonable to conclude that the loss ratio on public property in



insurance in New Mexico have been too high. According to National standards, 52 per cent of the premium dollar should be allowed for losses; 3 per cent for conflagrations; 42.5 per cent for expenses, such as salaries, commissions, rents, taxes, and so on; and 2.5 per cent for profits. On the basis of these percentages, more than twice as much of the premium dollar paid for insurance on public property in New Mexico is being allowed for losses than is necessary to pay these losses, because only 21.84 per cent of the premium dollar is actually returned to the insured. It seems possible, therefore, to make a saving of 27.66 per cent of the premium which is now being paid. Upon the basis of experience on public property from 1927 to 1933, inclusive, which is a part of the period covered by this study, this would amount to a total saving of \$245,267.41, or \$35,038.20 annually.

These facts seem to warrant some action on the part of public officials. In other words, something should be done to prevent excessive insurance costs. The following steps, as a preliminary course of action, would seem to be advisable:

1. The State Superintendent of Insurance should determine whether or not the insurance companies doing business in New Mexico would be willing to adjust their rates on public property so that there would be a closer relationship between premiums and payments for losses. Unless adequate relief can be obtained in this manner, consideration should be given to the matter of the state, including its subdivisions, carrying its own insurance.







2. The insurance laws of New Mexico should be revised so that the State Superintendent of Insurance would have authority to change rates if companies are unwilling to adjust them downward in the face of a low loss ratio experience.

3. The legislature should appoint a competent commission to study the loss ratio experience on public property in New Mexico in cooperation with insurance company representatives and provide such a commission with sufficient funds and power to make a comprehensive study. In the event that the loss experience continues to show that savings could be effected, and insurance companies are unwilling to reduce their rates, the commission should be continued in service until it can determine whether or not the state would profit by the establishment of a state operated department to carry its own insurance on public buildings. If the establishment of a department of this type were considered practical, further studies should be made to determine the kind of an organization that should be effected in order to inaugurate a self-insurance program, and the laws that would be necessary to initiate the plan formulated.

#### Limitations of the Study

Although extreme care was exercised in securing and handling the data, it is not reasonable to believe that the study is entirely free from errors. The validity of the loss data is weakened by inaccurate reports from certain officials who were unable to obtain complete information. The returns as a whole, however, indicated sincerity and honesty on the part of



1. The insurance laws of the United States should be revised so that the State Department of Insurance would have authority to examine rates if companies are unwilling to adjust their documents in the face of a law which would require them.

2. The legislation should require a separate commission to study the State's experience as public property in New Mexico in cooperation with insurance company representatives and provide such a commission with sufficient funds and power to make a comprehensive study. In the event that the loss experience indicates to show that business could be effected, and insurance companies are unwilling to reduce their rates, the commission should be authorized to advise until it has determined whether or not the State would profit by the establishment of a State operated department to carry the business on public property. If the establishment of a department of this type were considered practical, further action should be made to determine the kind of an organization that should be effected in order to inaugurate a self-insurance program, and the laws that would be necessary to initiate the plan formulated.

#### Limitations of the Study

Although extreme care was exercised in securing and handling the data, it is not reasonable to believe that the study is entirely free from errors. The validity of the data is weakened by incomplete reports from certain officials who were unable to obtain complete information. The returns as a whole, however, indicated accuracy and honesty on the part of



the reporting officials. Some of the loss returns showed a tendency for officials to seek information from insurance agents, who were reluctant to cooperate in the study and who tended to prevent officials from reporting losses.

An effort was made to secure premium data back as far as 1920 in order that a longer experience record would be available for the comparisons, but without success. Consequently, the results are somewhat less accurate than they would be if a fifteen or twenty-year period instead of a twelve had been used.

It is not likely that the loss ratio record on public property in New Mexico is as reliable as it would be if a larger volume of New Mexico business existed for the study. Information about the loss ratio on public property in other states was difficult or impossible to obtain, and the unavailability of comparable data made adequate comparisons impossible.

The practical value of the conclusions in this study may be minimized, since insurance companies operating in New Mexico have made a reduction in rates on certain classes of public property in New Mexico effective March 1, 1936, but there is evidence which indicates that reductions were made merely to pacify those interested in securing lower rates, rather than to give the public the full benefit that should follow from a low loss ratio experience.

In spite of the conclusiveness of some facts in this study and the apparent certainty that the state is paying high rates







on its public property, it is believed that any step taken to obtain adjustments, except through temporary agreements with insurance companies, should not be made without further investigation. For instance, since premium and loss data for public property are not available for longer periods than eight to twelve years, it would be advisable to have reports to proper officials contain such information in order that a loss ratio study over a longer period could be made.



on the public property, it is believed that any step taken to obtain adjustments, except through temporary agreements with insurance companies, should not be made without further investigation. For instance, since present and loss data for public property are not available for longer periods than eight or twelve years, it would be desirable to have reports on property claims contain such information in order that a loss ratio study over a longer period could be made.



APPENDIX A  
TABLES I TO VI, RECAPITULATION  
OF PREMIUMS AND LOSSES















APPENDIX B

TABLES VII TO XIV, MISCELLANEOUS



APPENDIX B

TABLES VII TO XIV, MISCELLANEOUS



TABLE VII

DIFFERENCE BETWEEN PREMIUM DATA AS ORIGINALLY OBTAINED  
FOR FISCAL YEARS AND ALTERATION TO  
CALENDAR YEAR BASES<sup>1</sup>

Classes of Property	Fiscal Year	Calendar Year	Difference	
			Increase	Decrease
State institutions	\$ 307,775.32	\$ 308,871.95	\$ 1,096.63	-----
Counties	92,678	92,910.50	232.50	-----
Municipalities	84,555.80	83,982.24	-----	573.56
Schools	782,961.25	767,863.26	-----	\$15,097.99
Totals	\$1,267,970.37	\$1,253,627.95	\$1,329.13	15,671.55
Difference by calendar years	-----	-----	-----	14,342.42

<sup>1</sup>Data for fiscal years were taken from Tables I-IV, inclusive, and data for calendar years were taken from Tables XV-XVIII, inclusive.







TABLE IX

PUBLIC PROPERTY LOSSES FOR 1927 TO 1933, INCLUSIVE, AS REPORTED IN THIS STUDY COMPARED WITH LOSSES AS REPORTED TO THE NATIONAL BOARD OF FIRE UNDERWRITERS<sup>1</sup>

Years	Amounts Reported for This Study	Amounts Reported to the National Board of Fire Underwriters
1927	\$38,831.99	\$58,716
1928	79,330.36	128,400
1929	431.66	36,856
1930	7,314.10	16,444
1931	24,191	42,854
1932	16,016.72	29,223
1933	30,502.83	37,033
Totals	\$196,618.66	\$349,526

<sup>1</sup>Not including unreported or uninsured losses. These data were taken from a letter from R. D. Hobbs of the Western Actuarial Bureau, dated December 3, 1935.



1. The following information was obtained from the records of the  
 2. Bureau of the Census, Washington, D. C., for the years 1937 to 1941.  
 3. The information was obtained from the records of the Bureau of the Census, Washington, D. C., for the years 1937 to 1941.

Year	Number of persons
1937	1,000
1938	1,000
1939	1,000
1940	1,000
1941	1,000
Total	5,000

4. The information was obtained from the records of the Bureau of the Census, Washington, D. C., for the years 1937 to 1941.  
 5. The information was obtained from the records of the Bureau of the Census, Washington, D. C., for the years 1937 to 1941.



TABLE X

LOSS RATIOS IN ALL STATES FROM 1917 TO 1924, INCLUSIVE,  
ON ALL CLASSES OF PROPERTY IN THE UNITED STATES

States	Loss Ratios	States	Loss Ratios	States	Loss Ratios
Alabama	52.14	Kentucky	58.90	North Dakota	56.40
Alaska	46.79	Louisiana	51.03	Ohio	44.91
Arizona	46.97	Maine	47.91	Oklahoma	51.47
Arkansas	61.48	Maryland	48.35	Oregon	52.88
California	41.34	Massachusetts	48.73	Pennsylvania	43.55
Colorado	37.59	Michigan	55.77	Rhode Island	53.50
Connecticut	40.61	Minnesota	64.00	South Carolina	48.84
Delaware	61.58	Mississippi	54.70	South Dakota	52.89
District of Columbia	34.60	Missouri	60.39	Tennessee	54.78
Florida	36.26	Montana	52.35	Texas	55.80
Georgia	60.82	Nebraska	55.79	Utah	51.77
Hawaii	11.35	Nevada	42.98	Vermont	50.34
Idaho	49.37	New Hampshire	56.74	Virginia	47.94
Illinois	50.12	New Jersey	48.92	Washington	41.97
Indiana	50.59	New Mexico	47.35	West Virginia	55.51
Iowa	53.97	New York	51.22	Wisconsin	53.42
Kansas	46.44	North Carolina	48.55	Wyoming	42.13

<sup>1</sup>National Board of Fire Underwriters, Premiums and Losses, Reported to. 215 pp.  
Loss ratios herein were reported by all direct writers companies for fire and lightning business only.







TABLE XI

RATIOS OF NET LOSSES INCURRED TO NET PREMIUMS EARNED  
ON ALL CLASSES OF PROPERTY IN THE UNITED STATES  
FROM 1909 TO 1931, INCLUSIVE<sup>1</sup>

Year	Loss Ratio	Year	Loss Ratio
1909	52.03	1921	57.45
1910	53.46	1922	58.26
1911	57.12	1923	57.62
1912	56.23	1924	60.16
1913	56.80	1925	59.12
1914	63.05	1926	55.61
1915	55.21	1927	47.12
1916	56.32	1928	46.60
1917	7.38	1929	46.47
1918	52.52	1930	53.59
1919	44.28	1931	52.92
1920	54.57		

<sup>1</sup>Best's Insurance Guide with Key Ratings, 1933, pp. 469, 471. Loss ratios herein were reported to the National Board of Fire Underwriters by foreign and domestic companies on fire and lightning damages.



TABLE 1

RATIOS OF NET LOSS TO NET PREMIUMS  
ON ALL CLASSES OF PROPERTY AND CASUALTY INSURANCE  
FROM 1900 TO 1920

Year	Loss Ratio	Net Premiums	Net Loss
1900	32.03	100.00	32.03
1901	32.22	100.00	32.22
1902	32.12	100.00	32.12
1903	32.22	100.00	32.22
1904	32.22	100.00	32.22
1905	32.22	100.00	32.22
1906	32.22	100.00	32.22
1907	32.22	100.00	32.22
1908	32.22	100.00	32.22
1909	32.22	100.00	32.22
1910	32.22	100.00	32.22
1911	32.22	100.00	32.22
1912	32.22	100.00	32.22
1913	32.22	100.00	32.22
1914	32.22	100.00	32.22
1915	32.22	100.00	32.22
1916	32.22	100.00	32.22
1917	32.22	100.00	32.22
1918	32.22	100.00	32.22
1919	32.22	100.00	32.22
1920	32.22	100.00	32.22

Source: Insurance Office of the Department of the Interior, 1921, p. 10.  
47. Loss ratios herein are based on net premiums and net losses on fire and lightning insurance.



TABLE XII

LOSS RATIOS ON ALL CLASSES OF PROPERTY IN NEW  
MEXICO FROM 1882 TO 1933, INCLUSIVE<sup>1</sup>

Year	Premium	Loss	Loss Ratio
1882	\$ 89,573	\$ 21,066	23.8
1883	108,772	68,187	62.5
1884	109,754	127,472	117.0
1885	127,967	40,204	31.5
1886	111,067	46,554	35.1
1887	139,805	30,495	22.3
1888	134,938	63,362	46.6
1889	135,606	53,528	39.4
1890	143,242	55,492	38.7
1891	147,702	60,441	40.8
1892	166,000	88,271	71.1
1893	180,821	174,387	96.1
1894	147,579	80,015	54.4
1895	149,452	66,520	45.7
1896	154,663	67,294	43.9
1897	168,507	70,986	42.1
1898	167,241	120,688	72.2
1899	210,187	163,583	77.8
1900	216,477	101,450	46.9
1901	231,483	104,420	45.2
1902	270,309	87,440	32.4
1903	328,053	125,768	37.2
1904	323,225	201,796	62.4
1905	388,570	128,493	33.1
1906	440,570	188,133	26.8
1907	506,865	117,136	23.1
1908	572,564	363,062	62.2
1909	603,977	424,100	70.2
1910	599,800	389,573	66.4
1911	575,198	318,310	55.3

(continued)

<sup>1</sup>New Mexico. Corporation Commission. Annual Report of the Insurance Department, December 31, 1933, p. 39; and 1927, p. 38. Loss ratios herein were calculated by the state superintendents of insurance from premiums and losses reported by all insurance companies doing a general business in the state.



TABLE VII

LOSS RATIOS ON ALL CLASSES OF PROPERTY IN NEW MEXICO FROM 1901 TO 1937, INCLUSIVE

Year	Premium	Loss	Loss Ratio
1937	\$ 89,578	\$ 21,068	23.5
1936	108,772	23,107	21.3
1935	109,724	137,477	125.2
1934	127,287	40,704	31.9
1933	111,007	10,828	9.7
1932	129,802	20,493	15.8
1931	124,928	27,282	22.0
1930	125,000	23,228	18.6
1929	143,248	20,493	14.3
1928	147,702	20,441	13.9
1927	166,000	22,271	13.4
1926	180,281	174,287	96.7
1925	147,272	20,012	13.6
1924	149,422	20,220	13.5
1923	124,622	27,281	22.0
1922	128,207	20,428	15.9
1921	127,241	120,222	94.5
1920	210,187	123,222	58.6
1919	212,477	101,222	47.7
1918	221,422	104,222	47.1
1917	270,209	27,422	10.1
1916	322,022	127,222	39.5
1915	322,222	201,222	62.5
1914	322,270	122,222	38.1
1913	440,270	122,222	27.8
1912	322,222	112,222	34.8
1911	372,222	222,222	59.7
1910	222,222	222,222	100.0
1909	222,222	222,222	100.0
1908	222,222	222,222	100.0
1907	222,222	222,222	100.0
1906	222,222	222,222	100.0
1905	222,222	222,222	100.0
1904	222,222	222,222	100.0
1903	222,222	222,222	100.0
1902	222,222	222,222	100.0
1901	222,222	222,222	100.0

(continued)

New Mexico Corporation Commission. Annual Report of the Insurance Department, December 31, 1937, p. 22, and 1937, p. 28. Loss ratios herein were calculated by the state superintendent of insurance from premiums and losses reported by all insurance companies doing a general business in the state.



TABLE XII (concluded)

LOSS RATIOS ON ALL CLASSES OF PROPERTY IN NEW  
MEXICO FROM 1882 TO 1933, INCLUSIVE<sup>1</sup>

Year	Premium	Loss	Loss Ratio
1912	\$ 591,984	\$ 324,255	54.8
1913	576,103	312,836	54.2
1914	565,377	502,235	89.0
1915	646,177	337,555	52.5
1916	656,090	303,433	46.2
1917	900,650	306,134	33.9
1918	954,659	384,667	40.2
1919	1,036,071	295,576	28.5
1920	1,381,675	451,265	32.7
1921	1,340,122	790,399	58.9
1922	1,269,212.92	916,535.73	73.8
1923	1,413,976	887,521.88	62.7
1924	1,308,891.97	661,482.37	50.5 <sup>2</sup>
1925	1,399,529.79	649,556.54	46.5 <sup>2</sup>
1926	1,695,296.10	606,773.64	37.9
1927	1,611,637.41	600,065.48	37.2
1928	1,711,516.77	622,984.05	36.4
1929	1,953,018.20	746,177.38	38.2
1930	1,870,660.08	792,325.55	42.3
1931	1,568,902.12	797,542.87	50.8
1932	1,406,327.44	864,678.39	61.4
1933	1,317,500.18	660,610.92	50.1
Totals	\$34,825,347.17	\$16,762,834.80	48.13

<sup>1</sup>New Mexico. Corporation Commission. Annual Report of the Insurance Department, December 31, 1933, p. 39; and 1927, p. 38. Loss ratios herein were calculated by the state superintendents of insurance from premiums and losses reported by all insurance companies doing a general business in the state.

<sup>2</sup>Losses only.







TABLE XIII

COMPARISON OF LOSS RATIOS, AND DATA PERTINENT THERETO, ON PUBLIC PROPERTY IN NEW MEXICO AND IN SIX SELF-INSURING STATES<sup>1</sup>

State	Year Created	Coverage	Rate	Property Included	Loss Ratio	Years Covered	Premiums at Tariff Rates	Years Covered	Average Yearly Premium	Equated <sup>10</sup> Loss Ratio
Alabama	1923	Fire and Tornado	60% of Commercial	All State Buildings Except City Schools	48.20 <sup>2</sup>	1923-1934	\$286,161.21 <sup>2</sup>	1933-1934	\$286,161.21	28.92
Florida	1917	Fire	Commercial	All State Buildings Except Public School Buildings	17.03 <sup>3</sup>	1917-1933	1,475,329 <sup>4</sup>	1917-1935	86,784	17.03
Michigan	1913	Fire, Lightning, and Tornado	35% of Published Rate; Not more than 60¢ per \$100 <sup>5</sup>	All State Buildings	27.77 <sup>5</sup>	1928-1936	2,571,400 <sup>5</sup>	1928-1936	285,711	9.72
North Dakota	1919	Fire and Tornado	Commercial <sup>6</sup>	All Public Property Except Outside City Limits, Which is Optional	39.60 <sup>6</sup>	1919-1933	3,176,132.49 <sup>6</sup>	1919-1933	211,742	29.65
South Carolina	1900	Fire, Lightning, and Windstorm	80% of Commercial	All Public Property Except Capitol	62.06 <sup>7</sup>	1900-1935	6,225,513.80 <sup>8</sup>	1900-1935	172,930.93	24.82
Wisconsin	1903	Fire and Tornado	51% of Commercial <sup>9</sup>	State Institutional Mandatory; Other Public Property Divisions Optional	25.82 <sup>9</sup>	1903-1933	7,276,500	1903-1933	234,725	13.17
New Mexico	----	All Property Damage	Commercial	All Public Buildings	22.43	1923-1934	1,253,627.95	1923-1934	104,468	21.84

<sup>1</sup>National Association of Public School Business Officials. Insurance Practices and Experiences of City School Districts in the United States and Canada, pp. 89-103.

<sup>2</sup>Alabama State Board of Administration. Annual Report of State Insurance Fund, 1934, pp. 7-15.

<sup>3</sup>Florida. Insurance Department. Report of Insurance Department, 1934, p. 221.

<sup>4</sup>Ibid. Half of this amount was the net premium payment.

<sup>5</sup>Letter from L. H. Moore, Chief Rater, Department of Insurance, Lansing, July 14, 1936.

<sup>6</sup>North Dakota. Insurance Department. Report of the Fire and Tornado Fund of the State of North Dakota, 1933, pp. 7-15. The rate was 75 per cent of the commercial rate from 1931 to 1933, and 60 per cent since 1933.

<sup>7</sup>South Carolina. Insurance Department. Report of the Sinking Fund Commissioners to the General Assembly of South Carolina, 1935, p. 6.

<sup>8</sup>Ibid. Half of this amount was actually paid; approximately one-half of the policies have been carried free.

<sup>9</sup>Wisconsin. Insurance Department. State Fire Fund, pp. 5-7.

<sup>10</sup>What the ratios would have been if tariff rates had been charged as in New Mexico.







TABLE XIV

LOSS RATIOS ON SEVEN NON SELF-INSURING STATES FOR WHICH  
DATA ON PUBLIC PROPERTY WERE AVAILABLE FROM 1923 TO 1933

States	Years	Number of Years	Loss Ratios	Property Included
Kansas	1923-1927	5	4.83-52.63	54 city school districts <sup>1</sup>
Ohio	1930-1933	4	6.60	All school property <sup>2</sup>
Maryland	----	4	17.2	All school property <sup>3</sup>
Pennsylvania	1924-1933	10	31.	All school property <sup>4</sup>
Illinois	1928-1929	2	32.	100 school districts <sup>5</sup>
Missouri	1926-1930	5	36-38.1	All public buildings <sup>6</sup>
Virginia	----	6	77.	----- <sup>3</sup>

<sup>1</sup>Fleming, L. Avery. Insurance Practices in First and Second Class City School Districts in Kansas, p. 67.

<sup>2</sup>Holy, T. C. Information on School Plant Insurance Premiums and School Property Losses in Ohio for 1932 and 1933, p. 8.

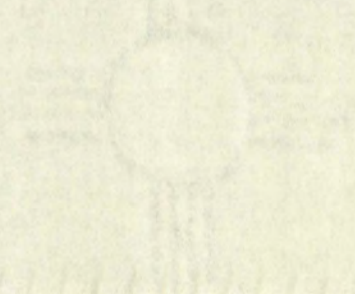
<sup>3</sup>Werner, J. C. A State Plan for Public School Fire Insurance in Pennsylvania, p. 5. (Abstract).

<sup>4</sup>Werner, J. C. "What Price Fire Insurance?" School Executives Magazine, Vol. 54, p. 51, Dec. 1935.

<sup>5</sup>Ketring, John Henry. Public School Insurance in Illinois, pp. 61-62.

<sup>6</sup>Viles, Nelson E. Improving the Insurance Program in the Local School Districts, pp. 22-24.





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APPENDIX C

TABLES XV TO XVIII, ORIGINAL PREMIUM DATA







TABLE XVI

PREMIUMS BUDGETED FOR PROPERTY INSURANCE BY COUNTIES  
IN NEW MEXICO FROM 1927 TO 1934, INCLUSIVE<sup>1</sup>

Counties	Fiscal Years								Totals
	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	
Bernalillo	\$ 1500	\$ 1000	\$ 900	\$ 500	\$ 1000	\$ 900	\$ 900	\$ 900	\$ 7600
Catron	200	100	100	120	120	120	85	200	1045
Chavez <sup>2</sup>	500	500	750	250	900	500	----- <sup>3</sup>	500	3900
Colfax <sup>2</sup>	400	150	1070	500	375	375	1150	400	4420
Curry	650	200	200	500	500	500	500	500	3550
De Baca	665	500	500	500	500	515	530	530	4240
Dona Ana	300	300	300	225	340	340	340	340	2485
Eddy	250	800	500	250	335	450	450	600	3635
Grant	300	-----	200	1000	-----	25	25	-----	1550
Guadalupe	100	100	100	-----	-----	-----	280	100	680
Harding	250	250	350	350	350	400	335	335	2620
Hidalgo	200	200	225	225	225	225	275	300	1875
Lea	900	900	900	900	900	500	400	450	5850
Lincoln	-----	-----	505	505	500	300	25	190	2025
Luna	225	225	225	225	675	550	350	350	2825
McKinley	600	700	250	400	400	400	1025	1025	4800
Mora	350	350	50	250	250	250	250	500	2250
Otero	300	300	305	305	310	250	375	225	2370
Quay	600	600	400	800 <sup>4</sup>	800	400	400	400	4400
Rio Arriba	375	375	432	-----	400	400	200	200	2382
Roosevelt	400	450	-----	-----	-----	-----	-----	450	1300
Sandoval	250	350	300	110	330	100	125	-----	1565
San Juan	100	225	25	50	100	31	150	130	811
San Miguel	325	325	325	400	600	300	600	600	3475
Santa Fe	100	300	1200	500	500	600	500	500	4200
Sierra	155	-----	-----	-----	-----	-----	180	100	435
Socorro	550	550	550	450	450	650	350	350	3900
Taos	225	225	-----	280	280	280	280	280	1850
Torrance	100	100	100	450	250	250	250	250	1750
Union	650	650	650	650	650	600	600	600	5050
Valencia	850	550	550	250	150	540	250	700	3840
Totals	\$ 12370	\$ 11275	\$ 11962	\$ 10945	\$ 12190	\$ 10751	\$ 11180	\$ 12005	\$ 92678

<sup>1</sup>These data were taken from budget estimates in the tax commissioner's office.

<sup>2</sup>These figures do not include Dawson, which is a privately owned town.

<sup>3</sup>The mark used here indicates that there was no allowance for this year.

<sup>4</sup>Including "Burglary" insurance, according to column headings in the budget, but none of this amount was spent for such insurance.







TABLE XVII

PREMIUMS PAID FOR PROPERTY INSURANCE BY MUNICIPALITIES  
IN NEW MEXICO FROM 1926 TO 1934, INCLUSIVE<sup>1</sup>

Municipalities	Fiscal Years									Totals
	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	
Alamogordo	\$ 257.24 <sup>2</sup>	\$ 325 <sup>2</sup>	\$ 115	\$ 36	\$ 83	\$ 36 <sup>2</sup>	\$ 166 <sup>2</sup>	\$ 218 <sup>2</sup>	\$ 140	\$ 1376.24
Albuquerque <sup>2</sup>	2500 <sup>3</sup>	2500 <sup>2</sup>	3000	3000	2500 <sup>2</sup>	2500 <sup>2</sup>	2500 <sup>2</sup>	2500 <sup>2</sup>	2400	23400
Artesia	416 <sup>3</sup>	200	150	150	450	639	300	945	500	3750
Aztec	39 <sup>3</sup>	18.66 <sup>4</sup>	-----	-----	-----	96	62.77	63	76	355.43
Belen	84.50 <sup>4</sup>	100	100	100	50	78	45	50	50	657.50
Carlsbad	145 <sup>3</sup>	-----	-----	-----	420	232 <sup>3</sup>	60	250	200	1307
Carrizozo	58 <sup>3</sup>	-----	-----	63	81	80	80.95	81	80	523.95
Cimarron	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Clayton	876.91 <sup>3</sup>	900	1000	379	257	399	598	203	200	4812.91
Clovis	260 <sup>3</sup>	-----	-----	389	600	448	209	215	225	2346
Columbus	11.40	7.50	8	-----	-----	-----	-----	-----	-----	26.90
Dawson <sup>5</sup>	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Deming	-----	-----	-----	-----	315	263	466	425	400	1869
Des Moines	29.13	125	125	125	125	-----	20	20	20	589.13
Dexter	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Elida	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Espanola	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Estancia	-----	-----	-----	-----	-----	-----	-----	35	10	45
Farmington	-----	-----	-----	-----	-----	94	-----	-----	200	294
Folsom	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Ft. Sumner	-----	-----	-----	-----	74	70	50	50	50	294
Gallup	92.89	100	125	680	1417	827	1607	1178	1200	7226.89
Grenville	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Hagerman	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Hatch	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Hobbs	-----	-----	-----	-----	343	-----	-----	-----	-----	343
Hope	-----	-----	-----	10 <sup>7</sup>	-----	-----	-----	-----	-----	10
Hot Springs	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Jal	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Lake Arthur	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Las Cruces	387.23	300	300	300	630	1005	1000	560 <sup>3</sup>	560 <sup>3</sup>	5042.23
Las Vegas(C) <sup>9</sup>	94.62	100	-----	175	50	102	50	-----	-----	571.62
Las Vegas(T)	-----	-----	-----	-----	-----	-----	-----	187	500	687
Lordsburg	75	80	-----	-----	-----	-----	-----	-----	-----	155
Los Lunas	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

(continued)







TABLE XVII (concluded)

PREMIUMS PAID FOR PROPERTY INSURANCE BY MUNICIPALITIES  
IN NEW MEXICO FROM 1926 TO 1934, INCLUSIVE<sup>1</sup>

Municipalities	Fiscal Years									Totals
	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	
Lovington	\$ ----	\$ ----	\$ ----	\$ ----	\$ ----	\$ ----	\$ 85	\$ 100	\$ 100	\$ 285
Magdalena	----	----	----	----	----	115	115	----	25	255
Maxwell	----	----	----	----	----	----	----	----	----	----
Melrose	----	----	----	----	----	----	----	----	----	----
Mills	----	----	----	----	----	----	----	----	----	----
Mosquero	3 <sup>3</sup>	----	10	----	10	10	----	----	----	33
Mountainair	----	----	----	----	----	----	----	----	----	----
New Hobbs	----	----	----	----	65	----	----	----	----	65
Portales	80.94 <sup>4</sup>	100 <sup>4</sup>	100 <sup>4</sup>	72	26	36	22	25	----	461.94
Raton	927.63	680	682.15	187	981	989	751	750	750	6697.78
Roswell	526.83 <sup>3</sup>	43.73	500	887	835	1373	850	665	750	6430.56
Roy	28	50	60	29	30	30	30	----	----	257
Santa Fe	1549.76	1200	1200	1573	1500	----	1646	1252.71	1000	10921.47
Santa Rosa <sup>8</sup>	40	----	----	----	----	----	----	----	----	40
Silver City <sup>8</sup>	----	----	----	----	----	----	----	----	----	----
Socorro	50 <sup>6</sup>	50	50	50	----	----	----	----	----	200
Springer	51 <sup>3</sup>	49.50	50	50	50	50	50	50	65	465.50
Taos	----	----	----	----	----	----	----	----	----	----
Texico	----	----	----	----	----	----	----	----	----	----
Tucumcari	286.75 <sup>6</sup>	286.75 <sup>3</sup>	286.75 <sup>3</sup>	286.75 <sup>3</sup>	286.75 <sup>3</sup>	286.75 <sup>3</sup>	286.75 <sup>3</sup>	245.03	328.47	2580.75
Tularosa	----	----	----	----	----	----	----	----	----	----
Vaughn	----	----	----	----	----	----	----	----	----	----
Wagon Mound	20 <sup>3</sup>	15	25	25	25	25	25	10	10	180
Willard	----	----	----	----	----	----	----	----	----	----
Totals	\$ 8890.83	\$ 7231.14	\$ 7886.90	\$ 8566.75	\$ 11203.75	\$ 9783.75	\$ 11075.47	\$ 10077.74	\$ 9839.47	\$ 84555.80

<sup>1</sup>These are actual expenditures except for 1934-35, which are budget estimates from records in the tax commissioner's office. According to the chief tax commissioner, there are no records for the period before 1926-1927.

<sup>2</sup>This is an estimate by Chas. E. Wells, City Manager.

<sup>3</sup>This is an average of other years, and is given as an average because records were incomplete or unavailable, although an allowance was made.

<sup>4</sup>Including "surety bond" premiums, but very little of this amount was so spent.

<sup>5</sup>There is no public property in Dawson.

<sup>6</sup>This is an assumed figure.

<sup>7</sup>This amount was probably not used for insurance.

<sup>8</sup>Silver City has a special charter allowing it to make its own budget and levy independent of the tax commission.

<sup>9</sup>These figures are not complete; instead of insurance being allowed as a budgetary item, it is charged to the department insured.







TABLE XVIII

PREMIUMS BUDGETED FOR PROPERTY INSURANCE BY PUBLIC SCHOOLS  
IN NEW MEXICO FROM 1923 TO 1934, INCLUSIVE<sup>1</sup>

Counties	Fiscal Years												Totals
	1923-24	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	
Bernalillo	\$ 8200	\$ 5485	\$ 6385	\$ 10495	\$ 9595	\$ 9150	\$ 3283	\$ 11665	\$ 3789	\$ 11615	\$ 12554	\$ 12448	\$ 104664
Catron	270	310	335	365	365	325	370	470	645	444	394	411	4704
Chavez	1160	2318	3605	970	2651	5476	2922	4045	3710	3216	5707	2642	38422
Colfax <sup>2</sup>	3448	3853	4533	4893	5566	4650	5200	4540	4571	3915	3730	4638	53537
Curry	2555	2310	3185	2815	3940	3500	3655	5881	2905	2830	2625	3152	39353
De Baca	722	366	625	658	1018 <sup>3</sup>	2223	938	909	1269	1244	1089	1089	12150
Dona Ana	850	2867	1960	2715	4960	5482	4407	3699	3815	3621	3658	3828	41872
Eddy	1587	3570	2565	2410	2970	3345	3350	3635	3690	1790	3349	3089	35350
Grant	997	1570	1900	1490	1610	1500	2125	2011	1834	2174	1839	1763	20813
Guadalupe	818	867	432	2025	1615	405	1070	1787	1091	1154	1252	983	13499
Harding	1438	1601 <sup>3</sup>	1531	1507	1773	1574	1599	1798	2078	1521.25	1394	1494	19308.25
Hidalgo	890	185	395	430	365	945	870	1235	1036	1247	1237	1287	10122
Lea	240	787	1305	1305	2082 <sup>3</sup>	930	1866	2085	4051	3515	3479	3342	24987
Lincoln	1070	944	896	1092	1078	1375	1530	1690	1808	1859	1511	1691	16544
Luna	1300	350	550	430	560	886	981	981	992	1002	880	912	9824
McKinley	1325	1347	1265	1500	1275	1820	1825	2195	2166	2176	3294	1924	22112
Mora	540	1055	900	900	925	950	980	980	1025	1215	695	1245	11410
Otero	1091	1235	1076	1497	1964	1970	1215	2575	1861	1475	2305	1630	19894
Quay	1520	2486	2527	2863	3002	2077	2931	2995	4089	3775	4055	3692	36012
Rio Arriba	--- <sup>4</sup>	5	--- <sup>4</sup>	480	900	1305	1586	670	668	1648	811	779	8852
Roosevelt	2943 <sup>3</sup>	1310	2282	2650	2861	2808	2864	4007	4145	2726	3720	3000	35316
Sandoval	75	95	301	90	65	256	185	371	460	253	252	416	2819
San Juan	1028	1181	1110	1116	1634	876	922	1269	965	784	1339	1040	13264
San Miguel	1844	2206	1601	1638	1384	2794	1968	2166	2186	1808	2103	2407	24105
Santa Fe	1390	889	936	2558	160	2605	2870	2341	2580	1988	3291	3386	24994
Sierra	475	230	340	295	336	331	210	445	511	566	423	435	4597
Socorro	1009	1497	1465	1534	2816	2074	2143	2003	2327	2357	2488	2135	23848
Taos	488	525	737	1473	892	956	869	791	842	871	870	901	10215
Torrance	2175	2712	2230	2565	2670	2558	2136	2575	2565	2414	2354	2441	29395
Union	2181	3123	3295	4614	4320	3996	4375	4850	4692	4780	4759	4879	49864
Valencia	924	1530	700	1126	2575	1575	1540	3030	2210	1925	2215	1765	21115
Totals	\$44553	\$48809	\$50967	\$60499	\$67927	\$70717	\$62785	\$79694	\$70576	\$71908.25	\$79682	\$74844	\$782961.25

<sup>1</sup>Amounts paid during 1923-24, 1924-25, 1925-26, 1928-29 were taken from budgets in the educational budget auditor's office; during 1927-28 from the tax commissioners' office; during 1934-35 from a table prepared by the educational budget auditor; and during 1926-27, 1929-30, 1930-31, 1931-32, 1932-33, and 1933-34 from both of the above mentioned offices. Although the dates are not used here, the 1921-22 budgets are available from the tax commissioners' store room; no others have been preserved.

<sup>2</sup>Exclusive of Dawson, which is privately owned.

<sup>3</sup>The budget for this year is missing from the state comptroller's store room; this is an average of the premiums paid in other years, and is given as an average because records were incomplete or unavailable, although an allowance was made.

<sup>4</sup>The mark used here indicates that there was no allowance for this year.





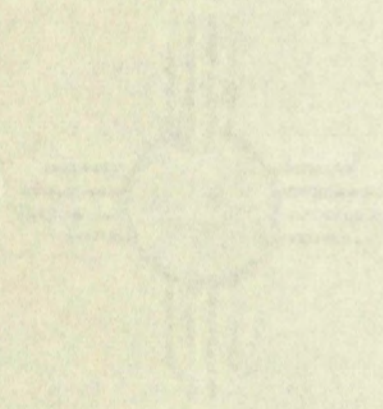


APPENDIX D

TABLES XIX TO XXII, REPORTS OF LOSSES



NEW METHOD



BOND



TABLE XIX

INSURANCE COMPANIES' PAYMENTS AS REPORTED BY STATE OFFICIALS FOR DAMAGES BY FIRES, FLOODS, STORMS, ETC., FROM 1926 TO 1934, INCLUSIVE, TO PUBLIC PROPERTY USED BY STATE INSTITUTIONS<sup>1</sup> IN NEW MEXICO

Institutions	Locations	Reporting Officials	Years	Amounts
University of N. Mex.	Albuquerque	W. A. Westerfeld	1926	\$10 <sup>2</sup>
			1927	263
N. Mex. Col. of A. & M. Arts	Las Cruces	Chas. E. Strickland	1928	1200
N. Mex. Normal University	Las Vegas	T. I. Runyan		----
N. Mex. School of Mines	Socorro	E. H. Wells	1928	75000
N. Mex. State Tchrs. Col. <sup>4</sup>	Silver City	Wm. A. Poe		----
Eastern N. Mex. Jr. Col.	Portales	Donald W. MacKay		----
Span. Amer. Nor. School	El Rito	Joe Grant	1931	500 <sup>5</sup>
N. Mex. Military Ins.	Roswell	Maj. Geo. L. Erwin	1931	1103.69
			1933	8877.93
			1934	1448.67
N. Mex. Sch. for Deaf	Santa Fe	W. O. Connor		----
N. Mex. Sch. for Blind	Alamogordo	P. A. Smoll	1931	75
N. Mex. H. & T. Sch. M. D.	Los Lunas	Dr. M. O. Blakeslee	1932	39
N. Mex. Industrial School	Springer	John C. Peck		----
Girls' Welfare Home	Albuquerque	Florence Perkinson	1927 <sup>6</sup>	50 <sup>5</sup>
N. Mex. State Hospital	Las Vegas	R. R. Divine		----
N. Mex. Miner's Hospital	Raton	Mrs. B. O. Parish		----
N. Mex. State Pen.	Santa Fe	John B. McManes	1929 <sup>6</sup>	65 <sup>5</sup>
			1933	218.72
Capitol & Gov. Mansion	Santa Fe	Mrs. M.A. Gutierrez		----
State Historical Museum	Santa Fe	Wayne L. Manor		----
State Armories	Santa Fe	Russell C. Charlton <sup>7</sup>		----
Law, Lib., and Misc.	Santa Fe	Mrs. M.A. Gutierrez	1929	300
Totals.				\$89,141.01

<sup>1</sup>Exclusive of institutions which are supported in part by the state.

<sup>2</sup>This was an uninsured loss; it is not included in the totals.

<sup>3</sup>No loss was reported.

<sup>4</sup>This institution was not in operation until 1934-35.

<sup>5</sup>This is an estimate by reporting official.

<sup>6</sup>The exact date of this loss was not given by the reporting official.

<sup>7</sup>The secretaries of armory boards from which information was obtained are as follows: Albuquerque, Paul W. Howard; Deming, Oliver B. Witten; Las Cruces, Gerardo G. Garcia; Roswell, Edward Purdy; Silver City, Herbert C. Mitchell; Carlsbad, Robert J. Compton; Clovis, Samuel W. Morgan; Las Vegas, H. R. Phillips; Santa Fe, Owen L. Wood; Socorro, James O. Gibbons; Taos, Palemon R. Martinez.







TABLE XX

INSURANCE COMPANIES' PAYMENTS AS REPORTED BY COUNTY OFFICIALS FOR DAMAGES BY FIRES, FLOODS, STORMS, ETC., FROM 1927 TO 1934, INCLUSIVE, TO PUBLIC PROPERTY USED BY COUNTIES IN NEW MEXICO

Counties	Reporting Officials	Properties	Years	Amounts
Bernalillo	W. A. Westerfeld	Courthouse	1932	\$32.60
		Courthouse	1933	50 <sup>1</sup>
		Bandstand	1932	10 <sup>1</sup>
Catron	A. E. McPhaul			----
Chavez	Mrs. Walter Harrison			----
Colfax	Howard N. Spencer			----
Curry	K. C. Lea			----
De Baca	F. L. Hutcherson			----
Dona Ana	C. S. Conlee			----
Eddy	R. H. Westaway			----
Grant	George Keener			----
Guadalupe	W. S. Wilson			----
Harding	Elbert L. Wallace			----
Hidalgo	R. A. Palm			----
Lea	Clifford Henry			----
Lincoln	Earnest Key			----
Luna	Edwin D. Martin			----
McKinley	Owen O. Sabin			----
Mora	Samuel Sosa			----
Otero	J. D. Pipkin			----
Quay	T. N. Lawson			----
Rio Arriba	Alberto Amador, Jr.			----
Roosevelt	C. J. Brasher			----
Sandoval	P. F. Armijo			----
San Juan	Lionel Palmer			----
San Miguel	J. V. Gallegos			----
Santa Fe	H. C. Martin			----
Sierra	Earl E. Stiles			----
Socorro	G. L. Benavidz			----
Taos	Wesley Freeburg	Courthouse	1932	10719.75
Torrance	Paul E. Tabot			----
Union	Howard Brosier			----
Valencia	Manuel B. Gabaldon	Courthouse	1934	900 <sup>1</sup>
Total Losses				\$10802.35

<sup>1</sup>This was an uninsured loss; it is not included in the total.



TABLE IX

INSURANCE COMPANIES' PAYMENTS AS LISTED BY COUNTY OFFICIALS FOR  
DAMAGES BY FIRES, STORMS, ETC., FROM 1925 TO 1934, IN-  
CLUSIVE, TO PUBLIC PROPERTY USED BY COUNTIES IN NEW MEXICO

County	Responsible Officials	Properties Insured	Amounts
Bernalillo	W. A. Westerfeld	Courthouse 1925 Courthouse 1926 Courthouse 1927	\$32.80 10 10
Catron	A. E. McPherson		
Chavez	Mrs. Walter Harrison		
Colfax	Howard L. Spencer		
Curry	K. C. Lee		
De Baca	V. I. Hutchinson		
Doña Ana	C. E. Grimes		
Eddy	R. H. Westaway		
Grant	George Keener		
Graham	W. S. Wilson		
Hardin	Robert L. Wallace		
Hidalgo	R. A. Linn		
Lea	Clifford Henry		
Lincoln	Ernest Roy		
Luna	Edwin D. Martin		
Mckinley	Owen C. Sabin		
Mora	Samuel Jones		
Otero	J. D. Phipps		
Quay	T. H. Larson		
Rio Arriba	Alberto Amador, Jr.		
Roosevelt	C. L. Brasher		
Sandoval	F. T. Armijo		
San Juan	Alfred Palmer		
San Miguel	J. V. Gallegos		
Santa Fe	H. C. Martin		
Sierra	Earl E. Stiller		
Socorro	C. L. Benavides	Courthouse 1928	1075.75
Taos	Wesley Thompson		
Torrance	Earl E. Taylor		
Union	Howard Houser		
Valencia	Manuel B. Valadon	Courthouse 1924	300.00
Total losses			\$1000.00

This was an unimpaired loss; it is not included in the table.



TABLE XXI

INSURANCE COMPANIES' PAYMENTS AS REPORTED BY MUNICIPAL OFFICIALS FOR DAMAGES BY FIRES, FLOODS, STORMS, ETC., FROM 1926 TO 1934, INCLUSIVE, TO PUBLIC PROPERTY USED BY MUNICIPALITIES IN NEW MEXICO

Municipalities	Reporting Officials	Properties	Years	Amounts
Alamogordo	J. D. Pipkin	Streetsweeper Peat Moss	1930	\$2350
Albuquerque	Chas. E. Wells		1934	15 <sup>1</sup>
Artesia	W. E. Kerr			----
Aztec	C. V. Koogler			----
Belen	Carl Halama			----
Carlsbad	W. G. Donley			----
Carrizozo	City Clerk	Fairground (fence)	1933	----
Cimarron	W. J. Atha			----
Clayton	W. L. Adams			95
Clovis	J. M. Bickley			----
Columbus	G. H. Fredy			----
Dawson	G. L. Fenlon			----
Deming	Edwin D. Martin			----
Des Moines	T. F. Conway			----
Dexter	L. Parker			----
Elida	C. H. Morgan			----
Espanola	Horace DeVargas			----
Estancia	G. S. Campbell			----
Farmington	F. R. McKinley			----
Folsom	Charles Edmondson			----
Ft. Sumner	Town Clerk			----
Gallup	Owen O. Sabin			----
Grenville	E. U. Scott			----
Hagerman	E. A. White			----
Hatch	M. E. Linton			----
Hobbs	George White			----
Hope	Nora L. Johnson			----
Hot Springs	Mrs. Charles Martin			----
Jal	J. L. Burke, Jr.			----
Lake Arthur	L. E. Dohner			----
Las Cruces	C. S. Conlee			----
Las Vegas (C)	City Clerk			----
Las Vegas (T)	William G. Stapp			----
Lordsburg	R. A. Palm			----
Los Lunas	Manuel B. Gabaldon			----

(continued)

<sup>1</sup>This was an uninsured loss.



TABLE XII

INSURANCE COMPANIES' PAYMENTS AS REPORTED BY MUNICIPAL OFFICIALS FOR DAMAGES BY FIRES, FLOODS, STORMS, ETC., FROM 1928 TO 1934, INCLUSIVE, TO PUBLIC PROPERTY OWNED BY MUNICIPALITIES IN NEW MEXICO

Municipalities	Reporting Officials	Years	Amounts
Alamogordo	J. D. Pipkin	1930	\$3350
Albuquerque	Chas. E. Wells	1934	15
Artesia	W. E. Kerr		
Aztec	C. V. Kooser		
Belen	Carl Helms		
Carlsbad	W. G. Donley		
Carlsboro	City Clerk		
Cimarron	W. J. Allen		
Clayton	W. L. Adams	1933	35
Clovis	J. W. Hickley		
Columbus	G. H. Fredy		
Dawson	G. L. Penion		
Deming	Edwin D. Martin		
Des Moines	T. F. Conway		
Dexter	I. Parker		
Elida	G. H. Morgan		
Espanola	Horace DeVaras		
Estancia	G. S. Campbell		
Farmington	P. R. McKinley		
Folsom	Charles Edmondson		
Ft. Sumner	Town Clerk		
Gallop	Owen G. Sablin		
Graville	E. H. Scott		
Hagerman	E. A. White		
Hatch	M. E. Linton		
Hobbs	George White		
Hopkins	Norm I. Johnson		
Hot Springs	Mrs. Charles Martin		
Jalisco	J. I. Burke, Jr.		
Lake Arthur	L. E. Donner		
Las Cruces	C. S. Conlee		
Las Vegas (C)	City Clerk		
Las Vegas (T)	William C. Stepp		
Lordsburg	R. A. Fain		
Los Lunas	Manuel R. Cepeda		

(continued)

This was an uninsured loss.



TABLE XXI (concluded)

INSURANCE COMPANIES' PAYMENTS AS REPORTED BY MUNICIPAL OFFICIALS FOR DAMAGES BY FIRES, FLOODS, STORMS, ETC., FROM 1926 TO 1934, INCLUSIVE, TO PUBLIC PROPERTY USED BY MUNICIPALITIES IN NEW MEXICO

Municipalities	Reporting Officials	Properties	Years	Amounts
Lovington	Clifford Henry			----
Magdalena	Rufus Stinnett			----
Maxwell	Frank Brookshier			----
Melrose	Baylor Triplett			----
Mills	J. Manley Morgan			----
Mosquero	E. P. Edgerton			----
Mountainair	Arthur Woods			----
New Hobbs	George White			----
Portales	Floyd D. Golden			----
Raton	Howard N. Spencer			----
Roswell	Mrs. Walter Harrison			----
Roy	A. L. Hatton			----
Santa Fe	H. C. Martin			----
Santa Rosa	W. S. Wilson			----
Silver City	H. J. Burges			----
Socorro	Ben Baca			----
Springer	J. W. Wilferth	Jail	1929	\$500 <sup>1-2</sup>
Taos	Wesley Freeburg			----
Texico	B. A. Rogers			----
Tucumcari	J. M. Stark			----
Tularosa	J. L. Larkin			----
Vaughn	City Clerk			----
Wagon Mound	G. W. Spencer			----
Willard	Adelino Sanchez			----
Total Losses				\$2445

<sup>1</sup>This was an uninsured loss.

<sup>2</sup>This is an estimate by reporting official.



# INVESTIGATION OF THE

INSURANCE COMPANY, THE  
 DAMAGES BY FIRE, THE  
 SILENT, THE

NAME	ADDRESS	CITY	STATE
Levinson	1111 1st St	San Francisco	Calif
Margaret	1111 1st St	San Francisco	Calif
Maxwell	1111 1st St	San Francisco	Calif
McIntosh	1111 1st St	San Francisco	Calif
Mills	1111 1st St	San Francisco	Calif
Mosier	1111 1st St	San Francisco	Calif
Mountain	1111 1st St	San Francisco	Calif
New House	1111 1st St	San Francisco	Calif
Porter	1111 1st St	San Francisco	Calif
Raton	1111 1st St	San Francisco	Calif
Roswell	1111 1st St	San Francisco	Calif
Roy	1111 1st St	San Francisco	Calif
Santa Fe	1111 1st St	San Francisco	Calif
Santa Rosa	1111 1st St	San Francisco	Calif
Silver City	1111 1st St	San Francisco	Calif
Sooner	1111 1st St	San Francisco	Calif
Springer	1111 1st St	San Francisco	Calif
Tan	1111 1st St	San Francisco	Calif
Texico	1111 1st St	San Francisco	Calif
Tucson	1111 1st St	San Francisco	Calif
Tulsa	1111 1st St	San Francisco	Calif
Vancouver	1111 1st St	San Francisco	Calif
Wayne House	1111 1st St	San Francisco	Calif
Wilford	1111 1st St	San Francisco	Calif
Total			

This is an estimate of the  
 This is an estimate of the



TABLE XXII

INSURANCE COMPANIES' PAYMENTS AS REPORTED BY SCHOOL OFFICIALS FOR DAMAGES BY FIRES, FLOODS, STORMS, ETC., FROM 1923 TO 1934, INCLUSIVE, TO PROPERTY USED BY PUBLIC SCHOOLS IN NEW MEXICO

Counties	Reporting Officials	Years	Amounts
Bernalillo	Margaret Easterday	1924	\$31.50
		1927	475
*Albuquerque	John Milne	1925	89.10
		1930	286.39
		1930	636.49
		1932	13.63
		1933	19548.52
		1933	100
Catron	Mrs. Irene Graham		-----1
*Reserve			-----
Chavez	C. M. Martin	1927 <sup>2</sup>	500 <sup>3</sup>
		1930 <sup>2</sup>	600 <sup>3</sup>
Dexter	L. Parker		-----
Hagerman	E. A. White		-----
Lake Arthur	L. E. Dohner		-----
*Roswell	R. E. Morris		-----
Colfax	Howard N. Spencer	1930	1000
		1931	15457.15
Cimarron	W. J. Atha		-----
Dawson	G. L. Fenlon		-----
Maxwell	Frank Brookshier		-----
*Raton	E. E. Harrison		-----
Springer	J. W. Wilferth		-----
Curry	K. C. Lea	1930	16
		1930	26
		1931	50
		1932	52
		1932	300
		1934	22
*Clovis	J. M. Bickley	1925 <sup>2</sup>	40
Melrose	Edwin C. Hobbs		-----
Texico	B. A. Rogers	1934	75
De Baca	Mary Lucero		-----
*Ft. Sumner	Clerk, Board of Education		-----

(continued)

\*County seat.

<sup>1</sup>No loss was reported. <sup>2</sup>The exact date of this loss was not given by the reporting official.







TABLE XXII (continued)

INSURANCE COMPANIES' PAYMENTS AS REPORTED BY SCHOOL OFFICIALS FOR DAMAGES BY FIRES, FLOODS, STORMS, ETC., FROM 1923 TO 1934, INCLUSIVE, TO PROPERTY USED BY PUBLIC SCHOOLS IN NEW MEXICO

Counties	Reporting Officials	Years	Amounts
Dona Ana	Mrs. Calla K. Eylar	1930	\$200
Anthony U.H.S.	Clerk, Board of Education		----
Hatch	M. E. Linton		----
Hatch U.H.S.	F. E. Ferguson		----
*Las Cruces	F. H. Lynn	1929	66.66
Las Cruces U.H.S.	C. S. Conlee	1932	4.74
Eddy	George R. Spencer	1934	182.67
Artesia	W. E. Kerr		----
*Carlsbad	W. G. Donley	1927	1475
Hope	Nora L. Johnson	1925	2600
Grant	C. O. Prevost	1927	1200
Hurley	F. C. C.		----
Santa Rita	Helen Curry	1930 <sup>2</sup>	900
*Silver City	H. J. Burges		----
Guadalupe	W. S. Wilson	1931	1363
		1932	600
		1932	300
		1932	600
*Santa Rosa	W. S. Wilson		----
Vaughn	L. Z. Manire		----
Harding	Elbert L. Wallace		----
Mills	J. Manley Morgan	1930	100
		1934	119
*Mosquero	Elbert L. Wallace		----
Roy	A. L. Hatton		----
Hidalgo	R. A. Palm		----
*Lordsburg	R. A. Palm	1933	50
Virden	Ben Wood Field		----
Lea	Clifford Henry	1934	40.78
Hobbs	George White		----
*Lovington	Clifford Henry		----
New Hobbs	George White		----
Tatum	T. C. Gallagher		----
Lincoln	Ola C. Jones	1930	900
Capitan U.H.S.	K. A. Cunningham		----
*Carrizozo	Dr. Carl Freeman		----

(Continued)

\*County seat.

<sup>1</sup>No loss was reported. <sup>2</sup>The exact date of this loss was not given by the reporting official.







TABLE XXII (continued)

INSURANCE COMPANIES' PAYMENTS AS REPORTED BY SCHOOL OFFICIALS FOR DAMAGES BY FIRES, FLOODS, STORMS, ETC., FROM 1923 TO 1934, INCLUSIVE, TO PROPERTY USED BY PUBLIC SCHOOLS IN NEW MEXICO

Counties	Reporting Officials	Years	Amounts
Corona	C. V. Koogler	1924	\$20000
Hondo	S. G. Hester		----
Luna	Edwin D. Martin		----
Columbus	C. H. Fredy	1933	468.46
*Deming	Edwin D. Martin		----
McKinley	Owen O. Sabin		----
*Gallup	Owen O. Sabin		----
Mora	Mrs. Philip N. Sanchez	1934	280
Wagon Mound	G. W. Spencer		----
Otero	Nellie S. Simpser		----
*Alamogordo	R. A. McLeskey	1927	1568.99
			550
Tularosa	J. L. Larkin		----
Quay	M. B. Jumper	1925	600
		1927	500
*Tucumcari	R. J. Mullins	1931	1033
		1932	15
		1933	294.20
		1934	21.78
Rio Arriba	Alberto Amador, Jr.		----
Espanola	Horace DeVargas		----
Roosevelt	C. J. Brasher	1934	2025
Elida	H. E. Morgan		----
*Portales	Donald W. MacKay	1934	25
Sandoval	Tom Wiley	1925 <sup>2</sup>	9000 <sup>3</sup>
*Bernalillo	P. F. Armijo	1931	1851.75
		1932	3300
San Juan	Lionel Palmer	1934	534.44
*Aztec	C. V. Koogler		----
Farmington	F. R. McKinley		----
Kirtland	Mrs. Grace B. Wilson		----
San Miguel	Florencio C. DeBaca	1928 <sup>2</sup>	500 <sup>3</sup>
		1934	44.92

(continued)

\*County seat.

<sup>3</sup>This is an estimate by the reporting official.



This is an estimate of the number of seeds.  
Seeds are counted.

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

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1000

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1000

1000

1000

1000

1000

1000

1000



TABLE XXII (continued)

INSURANCE COMPANIES' PAYMENTS AS REPORTED BY SCHOOL OFFICIALS FOR DAMAGES BY FIRES, FLOODS, STORMS, ETC., FROM 1923 TO 1934, INCLUSIVE, TO PROPERTY USED BY PUBLIC SCHOOLS IN NEW MEXICO

Counties	Reporting Officials	Years	Amounts
Las Vegas (City)	W. B. McFarland	1927	\$22250
*Las Vegas (Town)	Eugenia Herber		----
Pecos	Sr. St. Theresa		----
Santa Fe	Manuel Lujan	1928 <sup>2</sup>	340 <sup>3</sup>
		1932 <sup>2</sup>	40 <sup>3</sup>
*Santa Fe	R. P. Sweeney		----
Sierra	Lillie Sullivan	1930	24.22
		1931	60
Hot Springs	G. V. Landers		----
Socorro	Epigmenio Ramirez		----
La Joya	T. C. Jaramillo		----
Magdalena	Rufus Stinnett		----
*Socorro	Clerk, Board of Education		----
Taos	Floyd Santistevan	1928	1000
		1930	75
		1930	200
		1931	1000
		1933	25
		1933	75
*Taos	Wesley Freeburg		----
Penasco	Andres Medina		----
Torrance	Mabel Dodds		----
Encino	H. C. Hill		----
*Estancia	H. P. Brunell	1928	58.36
		1931	977.99
		1931	219.42
Mountainair	Arthur Woods	1926	10000
Willard	Adelino Sanchez		----
Union	T. I. Dodd	1927 <sup>2</sup>	10000 <sup>3</sup>
		1933	700 <sup>3</sup>
*Clayton	Raymond Huff	1931	500
Des Moines	T. F. Conway		----
Folsom	Charles Edmondson		----
Grenville	E. U. Scott	1923	30000
Valencia	Manuel B. Gabaldon		----
Belen	J. L. Gill	1928	1232

(continued)

\*County seat.

<sup>2</sup>The exact date of this loss was not given by the reporting official. <sup>3</sup>This is an estimate by the reporting official.



2000

1

Robert  
John  
Mary  
George

John  
Mary

Thomas  
Mary  
George

Robert  
John  
Mary

John  
Mary  
George  
Robert

John  
Mary

1. This is an extract from the original record.  
2. The record is a copy of the original record.  
3. The record is a copy of the original record.



TABLE XXII (concluded)

INSURANCE COMPANIES' PAYMENTS AS REPORTED BY SCHOOL OFFICIALS FOR DAMAGES BY FIRES, FLOODS, STORMS, ETC., FROM 1923 TO 1934, INCLUSIVE, TO PROPERTY USED BY PUBLIC SCHOOLS IN NEW MEXICO

Counties	Reporting Officials	Years	Amounts
Grant U.H.S.	Clerk, Board of Education		----
*Los Lunas	Manuel B. Gabaldon		----
Total Losses			\$171,410.16

\*County seat.

<sup>1</sup>No loss was reported.

<sup>2</sup>The exact date of this loss was not given by the reporting official.

<sup>3</sup>This is an estimate by reporting official.



(continued)

INSURANCE COMPANIES. PAYMENTS AS REPORTED BY SCHOOL OFFICIALS FOR DAMAGES BY FIRES, FLOODS, ETC., FROM 1922 TO 1934, INCLUSIVE, TO PROPERTY OWNED BY PUBLIC SCHOOLS IN NEW MEXICO

County	Reporting Official	Years	Amount
Grant, N.M.	Chief, Board of Education		
Los Lunas	Manuel A. Gonzalez		
Total losses			\$11,410.16

\*County seat.

The loss was reported.  
The exact date of this loss was not given by the reporting official.  
This is an estimate by reporting official.



## BIBLIOGRAPHY

Alabama State Board of Administration. Annual Report of State Insurance Fund, 1934, Wetumpka: Wetumpka Printing Co., 26 pp.

As indicated by the title, this report gives amounts of premiums and losses, investments, assets, liabilities, and other information pertaining to operation and condition of the fund as well as the law governing state insurance.

Best's Digest of Insurance Stocks, Annual. New York: Alfred M. Best Co., Inc., 1933, 128 pp.

This book is published for the benefit of stockholders; it gives "accurate, complete, unbiased, and authoritative data concerning the value and earnings of insurance stocks" in more than 125 leading fire-marine companies.

Best's Insurance Guide with Key Ratings. New York: Alfred M. Best Co., Inc., 1933, 606 pp.

This is another of Best's books published to give the status of all companies operating in the United States.

Bickley, James M. Fire Insurance Practices and Economies on Public School Buildings of Curry County, New Mexico. Albuquerque: University of New Mexico, 1936, 55 pp. (Thesis. M. A. Unpublished).

Although limited to one county in New Mexico, this study shows how savings can be made in the insurance of public school buildings, particularly by insuring at an amount comparable to the value of the buildings.

Bruce, William G. "Fire Insurance for School Property." American School Board Journal, Vol. 70, pp. 101-2, April, 1925.

This article emphasizes the wide difference between premiums and losses on school Property.

Cornell, F. W. Principles and Finance of Fire Insurance. London: Wilson, 1930, 189 pp.

Insurance from an English point of view is given in this elementary treatise. The author explains carefully a number



1. The first part of the report is a general statement of the purpose and scope of the study.

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4. The fourth part of the report is a discussion of the results and their implications.

5. The fifth part of the report is a conclusion and a list of references.

6. The sixth part of the report is a list of appendices.

7. The seventh part of the report is a list of figures and tables.

8. The eighth part of the report is a list of footnotes.

9. The ninth part of the report is a list of abbreviations.

10. The tenth part of the report is a list of symbols.



of insurance principles which other authors assume to be common knowledge.

Dean, A. F. The Philosophy of Fire Insurance. Chicago: Edward B. Hatch, 1925, 3 Vols.

Although quite general and lengthy, these three volumes may well be read for background by every student of insurance. The author is considered an authority by insurance men; he goes into detail in an effort to supply the reader with complete information regarding the problems and scope of insurance.

Drake, Russell P. Municipal Insurance Practices of New York Municipalities. Syracuse: Syracuse University, 1930, 95 pp.

The author gives arguments for and against state insurance, and a description of how municipalities insure their property both in private companies and self-insurance funds.

Fleming, L. Avery. Insurance Practices in First and Second Class City School Districts of Kansas. Lawrence: University of Kansas. 1928, 82 pp. (Thesis).

This is chiefly a comparison of the premiums and losses as experienced by school districts in Kansas. The author gives results found by other students in the same state.

Florida. Insurance Department. Report of Insurance Department. Jacksonville: Drew Press, 1934, p. 22.

A report of the operation of the State Fire Insurance Fund from 1917 to 1933, inclusive, and a copy of the law regulating the fund.

Gephart, W. F. Insurance and the State. New York: MacMillan Co., 1913, 228 pp.

This is a careful treatment on the administration, finance, principles, legal problems, and experience of insurance under state supervision. The author devotes attention to state insurance and seems favorable to it.

Hotchkiss, William H. Case Against State Insurance. Bulletin,



of insurance principles which other authors assume to be common knowledge.

Dean, A. F. The Insurance of Life Insurance. Chicago: 1934.  
ward R. Nelson, 1934, 3 vols.

Although this manual is a history, the author's view-  
point may well be read for background by every student of  
insurance. The author is concerned with the history of in-  
surance men; he does not dwell in an effort to explain the  
reader with concrete information as to the history and  
scope of insurance.

Drake, Russell E. Historical Insurance Principles of New York  
Monographs. Syracuse: Syracuse University, 1934, 10  
vols.

The author gives arguments for and against each in-  
surance, and a description of how each insurance finance  
their property both in private companies and self-insured  
funds.

Finland, E. Avery. Insurance Principles in Florida and Kansas  
Class Study School District of Kansas. Lawrence: Uni-  
versity of Kansas, 1934, 2 vols. (Kansas).

This is chiefly a comparison of the insurance and finance  
as experienced by school districts in Kansas. The author  
gives results found by other students in the same state.

Florida. Insurance Department. History of Insurance Department  
Monographs. New York, 1934, 2 vols.

A report of the operation of the State Life Insurance  
Fund from 1917 to 1933, inclusive, and a copy of the law  
regulating the fund.

Gophart, W. F. Insurance and the State. New York: Macmillan  
Co., 1913, 2nd ed.

This is a careful treatment on the administration of in-  
surance, including legal principles, and experience of insur-  
ance under state supervision. The author gives attention  
to state insurance and the history of insurance.

Hoschick, William H. Case Studies State Insurance. Dallas:



Reprint from Outlook. New York: Outlook Co., 1913, 14 pp. (Outlook, Vol. 103, pp. 487-90, March 1, 1913).

A number of arguments are given to prove that state insurance has failed.

Holy, T. C. Information on School Plant Insurance Premiums and School Property Losses in Ohio for 1932 and 1933. Columbus: Bureau of Educational Research, Ohio State University. January, 1935, 10 pp.

In this bulletin are found tabular comparisons of premiums and losses in Ohio from 1930 to 1933, inclusive.

Huebner, Solomon S. Property Insurance. New York: D. Appleton Co., 1922, 421 pp.

This treatise of all forms of property insurance is considered authoritative. It presents important economic and legal aspects of insurance in a comprehensive manner.

Jedlicka, A. I. "What Price Insurance." School Executives Magazine. Vol. 52, pp. 183-84, January, 1933.

Most of this article is devoted to the history of state insurance in the leading self-insuring states, with emphasis upon the need of a more equitable loss ratio experience.

Keith, J. A. H., and Taggart, M. H. Study of the Economical Insurance of School Property. Harrisburg: 1919 12 pp.

This article is devoted to a discussion of the wide difference between premiums and losses in Pennsylvania during a five year period.

Ketring, John Henry. Public School Insurance in Illinois. St. Louis: Washington University, 1931, 65 pp. (Thesis).

The pertinent part of this study is that devoted to a contrast of premiums and losses on school property in Illinois.

McCahan, David S. "Your state Property,...is it Insured?" Journal of American Insurance, Vol. 6, pp. 11-12, May, 1929.



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This is a classification of all states and the type of property insurance which is carried on public property. The article is a summary of the textbook, entitled, "State Insurance in the United States."

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. State Insurance in the United States.  
Philadelphia: University of Pennsylvania Press, 1929, 290 pp.

This is a complete treatment of the history, development, and status of all forms of state insurance plans. A negative view is taken as to their value.

Melchoir, W. T. Insuring Public School Property. New York: Bureau of Publications, Teachers College, Columbia University, 1925, 187 pp. (Contributions to Education, No. 168).

This is a survey of school insurance practices in New York; consideration is given to the question of the legal authority by which school property is insured.

Michigan. Laws, Statutes, etc. Laws Relating to Insurance.  
Lansing: Franklin De Kleine Co., 1931, pp. 178-180.

This is the law relating to the self-insurance of state property.

Mowbray, Albert H. Insurance--its Theory and Practice in the United States. New York: McGraw-Hill Book Co., Inc., 1930, 639 pp.

This is a critical study of the theory of insurance as practiced in the United States with a study of risk, insurance contracts, types and problems of carriers, state supervision, and the part of insurance which should be considered as a policy of a State.

National Association of Public School Business Officials, Insurance Practices and Experience of City School Districts of the United States and Canada. Trenton: The Association, 1932, 230 pp. (Bulletin No.2).

This might well be considered a manual of state insurance on public school property. The experience of representative cities in the United States and Canada during the years 1921-1930, inclusive, is presented as



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Michigan, Laws, Statutes, etc. Laws Relating to Insurance.  
Lansing: Franklin De Kneiss Co., 1931, pp. 178-180.

This is the law relating to the self-insurance of state property.

Howray, Albert H. Insurance--the Theory and Practice in the United States.  
New York: McGraw-Hill Book Co., Inc., 1930, 630 pp.

This is a critical study of the theory of insurance as practiced in the United States with a study of risk, insurance contracts, types and problems of various kinds, supervision, and the part of insurance which should be considered as a policy of a State.

National Association of Public School Business Officials.  
Insurance Practices and Principles of City School Districts of the United States and Canada. Toronto: The Association, 1932, 230 pp. (Bulletin No. 3).

This might well be considered a manual of state insurance on public school property. The experience of representative cities in the United States and Canada during the years 1921-1930, inclusive, is presented as



evidence to prove the proposition that the costs of school property insurance are decidedly high in the light of loss ratio experience.

National Board of Fire Underwriters, A Few Arguments Against Self-Insurance Funds. New York: Thomas Claydon Printing Co., Inc., (N.D.) 6 pp.

Objections to state insurance are offered convincingly by the National Board.

National Board of Fire Underwriters, Premiums and Losses, Reported to. New York: Thomas Claydon Printing Co., Inc., 1925, 215 pp.

Tables are given to show the premiums, losses, and loss ratios on fire and lightning business for all direct writing companies operating in all states during the period 1917 to 1924, inclusive.

National Board of Fire Underwriters, Proceedings of the Sixty-eighth Annual Meeting. New York: The Association, 1934, 164 pp.

This book is valuable for information concerning the organization, support, and inner workings of the National Board, its benefits, and operation, and its influence upon public sentiment.

New Mexico. Corporation Commission. Annual Report of the Insurance Department. Santa Fe: Santa Fe New Mexican Publishing Co., 1927, 38 pp.

This is a statement of business and experience of all insurance companies authorized to do business in New Mexico. A summary of premiums, losses, and ratios is given for the period from 1882 to 1927, inclusive.

New Mexico. Corporation Commission. Annual Report of the Insurance Department. Albuquerque: Ward Anderson Printing Co., 1933, 39 pp.

A summary of premiums, losses, and ratios is given for the period from 1920 to 1933, inclusive.

New Mexico. (State) Auditor. Report for the Fifteenth and Sixteenth, Twenty-first and Twenty-second Fiscal Years...







Las Vegas: Optic Publishing Co., 1926 and 1934,, 176 pp.

The significant part of these reports is the record for state institutions showing the amounts paid for property insurance and the amount received for losses.

North Dakota. Insurance Department. Report of the Fire and Tornado Fund of the State of North Dakota, Bismarck: 1933, 55 pp.

Complete tabular information shows the history, experience, and condition of the fund from 1919 to 1933, inclusive.

Reeder, Ward G. The Fundamentals of Public School Administration. MacMillan Co., New York: 1931, pp. 259-270.

One chapter of this administrative text is devoted partially to "Premiums Versus Losses" on public school property; the data are not recent.

Riegel, Robert I., and Loman, H. J. Insurance, Principles and Practices. New York: Prentice-Hall, Inc., 1933, 690 pp.

These two authors are considered by many insurance officials as the best authorities in the field. Their interpretation of principles and practices is considered basic.

Sabin, Owen O. Analysis and Evaluation of Public School Insurance Practices in New Mexico. (Incomplete thesis, in Preparation; will be available after June, 1937. Albuquerque: University of New Mexico Library).

The author points out a number of improper insurance practices and recommends how they may be corrected by school administrators, with a saving to their school districts.

Skaaland, S. G. An Analysis of the Practices and Procedures Followed in Insuring School Property in Minnesota. Minneapolis: University of Minnesota, 1926. (Thesis).

Faults in the insurance practices of Minnesota are pointed out, and suggestions made for improving the system, with a view toward savings.



1. The first part of the report is a general introduction to the subject of the study. It discusses the importance of the problem and the objectives of the research.

2. The second part of the report is a detailed description of the methods used in the study. It includes a discussion of the experimental design, the data collection procedures, and the statistical analysis techniques.

3. The third part of the report is a presentation of the results of the study. It includes a discussion of the findings, the interpretation of the results, and the conclusions drawn from the study.

4. The fourth part of the report is a discussion of the implications of the study. It includes a discussion of the theoretical implications, the practical implications, and the limitations of the study.

5. The fifth part of the report is a conclusion. It summarizes the main findings of the study and provides a final statement on the importance of the research.

6. The sixth part of the report is a list of references. It includes a list of the books, articles, and other sources used in the study.



American School Board Journal, Vol. 75, pp. 41-42, October, 1927.

A general discussion is given of the causes of property loss. The factors which influence the rate on school buildings are given. The author says that the loss ratio is too low and cites examples to prove it.

Smith, Harvey A. Economy in Public School Fire Insurance. New York: Bureau of Publications, Teachers College, Columbia University, 1930, 111 pp. (Contributions to Education, No. 428).

The author gives a discussion of rate-making, possible savings, state insurance, wrong practices, and some comment on the low loss ratio being experienced by schools.

South Carolina. Insurance Department. Report of the Sinking Fund Commissioners to the General Assembly of South Carolina. Columbia: 1934, 19 pp.

The report for this year is similar to others issued annually to show the history, progress, and operation of the insurance sinking fund since 1900.

South Carolina. Insurance Department. Twenty-Seventh Annual Report. Columbia, 1934, 123 pp.

A report of all insurance supervised by the state, including data compiled by the sinking fund commission on the state's self-insurance of public property.

Wisconsin. Insurance Department. State Fire Fund. Madison: Democrat Printing Co., (N.D.) 22 pp.

The law governing state insurance is given, along with a history of the fund since its origin in 1903, and reports of income, losses, savings, and the number of units insured by the fund.

Viles, Nelson E. Improving the Insurance Program in the Local School Districts. Jefferson City, Missouri: Midland Printing Co., 1934, 100 pp. (Thesis Ph. D.).

A number of studies are cited as evidence of a low loss ratio on school property. A comparison is given to show the difference in rates between schools and other classes of property.







Werner, John C. A State Plan for Public School Fire Insurance in Pennsylvania. Pittsburgh: University of Pittsburgh, 1933, 209 pp. (Thesis Ph.D.).

This dissertation gives the legal authority for the organization of a proposed state insurance fund in Pennsylvania and the probable savings to be made by insuring public property in such a fund.



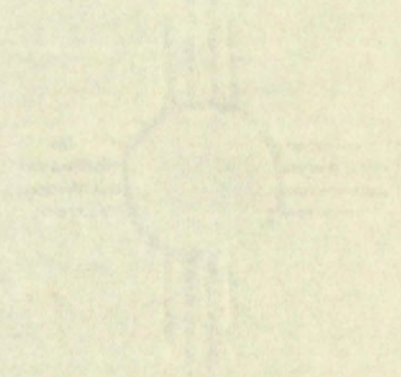






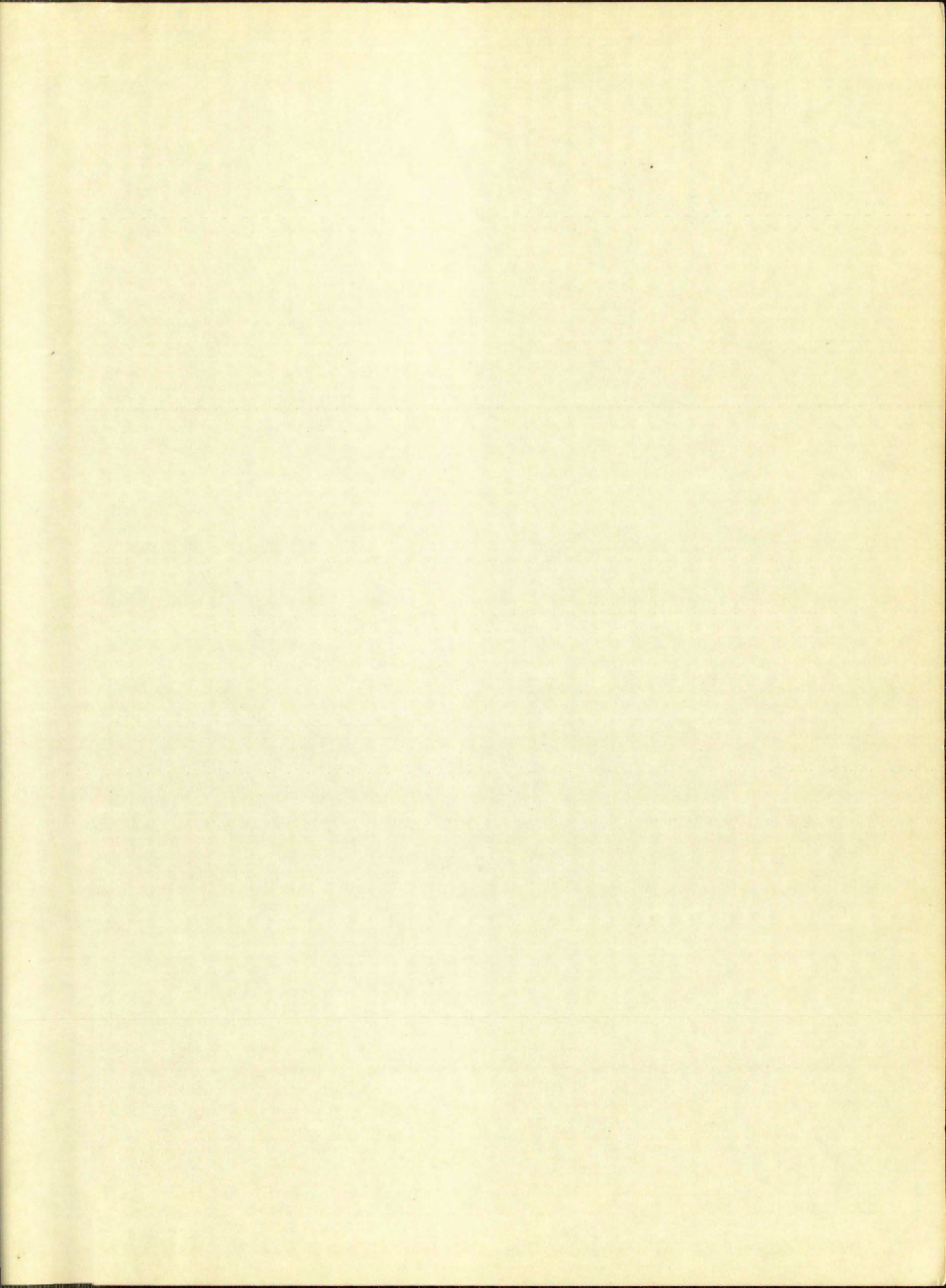


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