

NEWS OF INTEREST IN REAL ESTATE AND BUILDING FIELDS

Your Insurance

Edited By F. J. Budinger

As a preface to our discussion of the various forms of insurance we will first state briefly the basic principle of insurance. The institution of insurance functions to mitigate loss. Accepting the fact that all matter is subject to destruction, that matter which has value that may be represented in terms of money, when destroyed suffers a loss to its owner which could be entirely or in part, compensated for.

The god of destruction, whichever one that may be, is no respecter of persons but strangely and fortunately he operates with at least some regularity. This regularity is represented in what is known as the law of averages. For instance, if you were to toss a penny in the air 1,000 times, 500 times it would come up heads and 500 times tails. Try it if you doubt this; 1,000 times. This regularity of certain happenings has been closely studied for centuries until today, for instance, we know that out of 1,000 men, 10 will die within one year. We know that if a man lives to the age of 35, he will probably live to about 67. We know that that is the way the average operates. Having these facts, insurance companies are able to figure how much they must collect as a premium to pay the losses which they know they will have during the year. So, stripping the business of all its technicalities, insurance simply means that Joe, John, Harry, Tom and Bill, each of whom owns an automobile will deposit in a sort of jack pot an amount the total of which will be sufficient to reimburse Joe or Bill for their loss if their cars are stolen or burned during the year. The insurance company acts as the holder of the jack-pot and administers the fund. For this service of handling the finances there is of course a charge, just as the carpenter or the bricklayer makes a charge for his brawn and brains in building a house.

Not Gambling Institution

It should be very apparent now that an insurance company is not a legalized gambling institution, and that when you insure your automobile the amount of premium is not the stakes of a bet which they make if you don't lose your car during the year as a result of fire or theft. Insurance premiums are figured out by some of the keenest mathematicians in the country, and the losses which insurance companies pay are anticipated. Furthermore, you, I, and everyone else insured essentially contribute when a loss is paid. We're not assessed, because we pay premiums in advance. It should also be clear now that whenever an unjust claim is paid, the policy-holders do the suffering, because rates are based on the losses. This is a point well to remember. The amount of a premium is directly proportionate to the hazard of the risk insured. If the rate is high, the probability of loss is accordingly great. A man at the age of 50 will pay more for life insurance than will a man at the age of 20 simply because out of a given number of men more will die at 50 than at 20, and during the same length of time. Obviously the younger will in all probability live longer than the man who has reached two score and ten.

Assuming now that the least informed of our readers will have enough of an idea of the principles of insurance to understand thoroughly the subjects we will discuss, we will dwell for a few moments on the subject of automobile, fire and theft insurance.

Set Maximum Amount

For the most part the Automobile, Fire and Theft policy, which, by the way, is one policy, is understood by the assured. There is however one very important point which because of misunderstanding, has been the cause of much grief and ill-feeling on the part of the assured toward the insurance agent and the insurance company. We will explain this point by asking the question: If your car is totally destroyed tonight by fire, or is stolen and unrecovered, how much insurance can you collect? Most people have the idea that they can collect the face value of their policy. This is not the case. The face amount of your policy merely means that such amount is the maximum that the insurance company will pay in the event of a loss. Your policy reads to mean that in the event of loss the insuring company will indemnify you according to your loss. If you suffer a total loss, you will collect as much as the automobile is worth at the time of the loss. It is of course understood that in no case shall the indemnity paid be in excess of the face amount of your insurance policy.

Unquestionably many automobile owners are carrying more Fire and Theft insurance than they could collect. To do so is of course spending money foolishly. The proper thing to do when insuring your automobile is to either have your agent appraise your car or have him find out from his company, the practical amount to

Explains Theft Feature

Now about the theft end of this insurance. The provisions covering theft are pretty generally understood except perhaps that the companies reserve, as a rule, at least 60 days within which time they may recover the automobile, and providing they return it in the same condition as it was at the time of the theft, they have fulfilled their part of the contract. This brings up another point:

Even though you do not carry collision insurance, if your car is stolen and is damaged while out of your possession, by virtue of the provisions of your Fire and Theft Insurance policy, the insuring company is liable for the amount of damage done.

In any case where there is a dispute as to the just amount of settlement, the assured is privileged to appoint a person to represent himself, and the insurance company will do likewise, and the two appointees will agree on a third party. The decision of two or more of this temporary board of adjusters will be binding on both the company and the assured. Only in extreme cases is it necessary to carry a case to this limit.

Is Very Practical

Fire and Theft insurance is unquestionably a very practical form of coverage and is the most popular automobile insurance carried. It is by no means the most important however, and if an automobile owner does not feel that he can afford full coverage on his car, he should above all carry Public Liability and Property Damage insurance. In not doing so he is constantly exposed to financial disaster. Any owner of an automobile is subject to liability for any damage done to persons or their property.

Public Liability insurance merely protects you against the costs arising from the imposition of liability upon you for an accident in which your automobile was the damaging agency. The policy covers the fees contingent on any claim against you and indemnity for the amount of judgment rendered, if any, provided of course that in no case will the total costs exceed the face amount of the policy. Public Liability Automobile insurance is written in amounts ranging from \$5,000 and \$10,000 to the hundreds of thousands. Each policy calls for a minimum and a maximum limit as \$5,000, \$10,000, etc. This means that the limit of the company's liability in an accident involving one claimant is \$5,000, and \$10,000 where more than one person makes claim. Inasmuch as the disposition of the courts has been to render very heavy judgments, it is advisable to carry double limits: \$10,000 to \$20,000. The cost for this additional coverage is very small.

Defines Collision Policy

Property Damage insurance insures you against the costs imposed for damage done to other peoples' property. The limit is stipulated in the policy. The ordinary amount is \$1,000 or \$2,000. Note that Property Damage insurance does not insure you for

damages to your own car.

Collision insurance provides that the company shall be liable for the cost of damage done to your own automobile as a result of collision. What is known as a deductible form of Collision insurance is the policy most commonly written. The deductible amount ranges from \$50 to \$100 as a rule. The greater the amount, the greater of course is the premium reduction. The deductible form provides that the company shall be liable only when the cost of damage done exceeds the deductible amount provided for in the policy, and then their liability shall only be the difference between the actual loss and the deductible amount.

In addition to the forms of automobile insurance we have briefly explained, insurance is written to cover theft of accessories, robes etc. Plate Glass insurance is also written for closed cars. The costs for this are very small.

We fully realize that we have only very briefly covered the field of Automobile insurance but believe that we have touched on the high points of interest. We encourage questions concerning Automobile insurance which we will publish with the answer. From time to time we will refer to this class of insurance bringing out points which we believe will be of value as well as of interest. It would not be far from right to state that if you cannot afford Automobile insurance, particularly Public Liability, you cannot afford to own an automobile.

On Sunday, March 29, it will be five years since our village was struck by the long-to-be-remembered TORNADO. Therefore, next week we will appropriately discuss the subject of Tornado and Windstorm insurance.



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SEEK MEANS TO LOWER HOME BUILDING COSTS

A conference of more than 40 trade organizations and associations having to do with the building and furnishing of the home has been called by the National Association of Real Estate boards to meet in Chicago, March 21.

The conference, the first of the kind ever to be assembled, will be made up of representatives of the allied industries which exhibit their products at Own Your Home expositions licensed by the Association. It will open the whole question of what can be done to improve the efficiency and lower the cost of American homes. It will also discuss how

best to educate the public as well as contractors and builders on sound home-building and on the enormous waste entailed by flimsy construction and bad planning.

The conference will shape plans for making Own-Your-Home-expositions in all the larger cities, institutes for visualizing the advantages of home ownership and the means and the processes for creating a satisfactory home.

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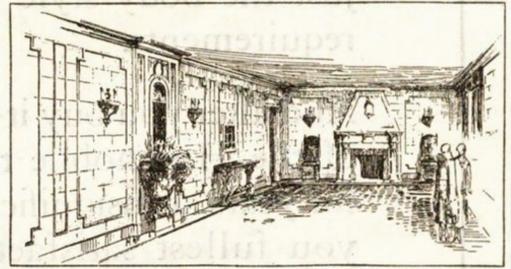
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