

NEWS OF INTEREST IN REAL ESTATE AND BUILDING FIELDS

Your Insurance

Edited By F. J. Budinger

There is always a question in the mind of the property owner as to the correct amount of fire insurance to carry. Unless one is an expert appraiser it is unquestionably a difficult task. Insurance companies have offered suggestions from time to time and fire insurance agents who are really in the field to serve have rendered valuable assistance in this matter. Nevertheless it is safe to say that right here in Wilmette there are many home owners very much under-insured. At the same time there are probably some carrying more insurance than they could collect if their property was completely destroyed by fire. So we're going to offer a few suggestions which if followed will result in our readers being properly insured as far as their fire insurance goes.

Must Know Replacement Value

In the first place to ascertain the correct amount of fire insurance to carry you must know the replacement value of your property to be insured. From that you will estimate the amount of depreciation that the property has suffered. The resultant figure will be the correct amount to carry provided that you expect the fire which might damage your property to effect a total loss. Note, only one house out of every twelve hundred ever burns completely. If you have a fire you can readily see that the odds point to only a partial loss. Therefore it is questionable whether or not 100 per cent coverage should be carried. The writer always recommends 80 per cent of the actual value. In appraising your property for its insurance value, remember that basements are very seldom destroyed as a result of a fire and you should therefore deduct the replacement cost of a basement from the actual value of a dwelling when ascertaining insurance values.

Involves Building Costs

Very few home owners can give more than an approximate idea of the replacement value of their dwellings. The figure arrived at is generally in the neighborhood of what the owner paid for it plus his idea of the value of his own good judgment in buying such a bargain, and then, added to that, the owner's idea of the increase in building costs. The increase or decrease in building costs is of greatest importance. Through the American Appraisal company of Milwaukee we have been given access to a chart showing the movement of building costs. We will illustrate this chart here by using for example a \$10,000 house built in 1913 and show the movement from that year. The changes in the costs of frame, brick, steel, concrete etc. have run practically parallel:

1913	10,000
1914	10,200
1915	11,000
1916	12,500
1917	15,000
1918	17,500
1919	21,500
1920	28,000
1921	21,000
1922	20,000
1923	22,500
1924	22,000

This table refers to values in the Central Western states. It should be a very valuable guide to use in determining the insurance value of your house.

Discusses Life Insurance

Next week we will start a series of articles on Life Insurance. The field of Life Insurance is the most extensive in the insurance business. It is interesting to note that approximately 80 per cent of material property values is insured whereas only about 7 per cent of human values is insured. This statement probably brings to mind the question of just what is meant by human values. In a broad sense and as we think of human values in Life Insurance we mean the value of a life in its capacity to earn. The commercial value of property is determined by the income which that property brings in. So it is with a life in a strictly commercial sense. To make this a little clearer: Assume that Mr. A has an income of \$3,000 a year. Mr. A's brains and brawn make that income possible. Now when Mr. A dies that income ceases and can only be replaced by a sum of money which when put to work earning interest will bring

in an income of \$3,000 a year. Of course the commercial value of a life is modified by the expectancy of that life, a detail which we will explain in our life articles. We promise to make these articles on life insurance, interesting as well as helpful.

EXPO FOSTERS HOME BUILDING

Exhibits to Bring \$5,000,000 in Construction

Officials of the Chicago Real Estate board under whose auspices the fifth annual "Own Your Home" exposition closed in the Chicago Coliseum recently, announced that more than \$5,000,000 worth of residence construction will be undertaken as a direct result of the holding of the exposition.

Moreover, there is every assurance that these new homes will be of a higher grade than many houses built in the past says the Exposition Administration committee that is enthusiastic over the success of the campaign to educate the public in good construction practices.

"There is no doubt but that the Chicago public is aware of the danger in ignorance of the fundamentals of home building" said George L. Bruckert, chairman of the "Own Your Home" division of the Real Estate board and of the Exposition Administration committee.

Inquiries Exhaust Attendants

"The interest shown in the exhibits of the right way to build a house is far beyond our expectations. We believed it would be necessary to urge people to examine these displays because there is nothing particularly attractive in their appearance, but the inquiries of the visitors exhausted the attendants who had to be put on shifts. People stood in line waiting to inspect these exhibits and advise with the experts in charge.

"The fact that many of those who indicated interest in this educational campaign were people who had been imposed upon by unscrupulous contractors and manufacturers of shoddy materials made us realize more than before the great need for a dissemination of the fundamentals of good construction practices.

"Hundreds of people who visited the exposition have invested their savings in poorly built houses on which the annual depreciation is woefully heavy, and their sad experience should be a lesson to all prospective home builders.

"There is no doubt but that the houses to be constructed as a direct result of holding this exposition will be more efficient and satisfactory because of this campaign."

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100,000 at Exposition

No definite figure will be announced on the attendance until later, but it is estimated that close to 400,000 people entered the Coliseum during the week.

The recommendations made by the National Conference on Home Building that met in the Coliseum on Wednesday and Thursday at the call of the National Association of Real Estate boards will be used as a guide in staging the sixth annual "Own Your Home" exposition to be held in the Coliseum, March 27 to April 3, 1926, again under the auspices of The Chicago Real Estate board.

DIRECTORS TO MEET

The National Association of Real Estate boards has called a meeting of its board of directors, officers, and advisory board, made up of the past presidents of the organization, to take place April 17 and 18 at the Drake Hotel, Chicago.

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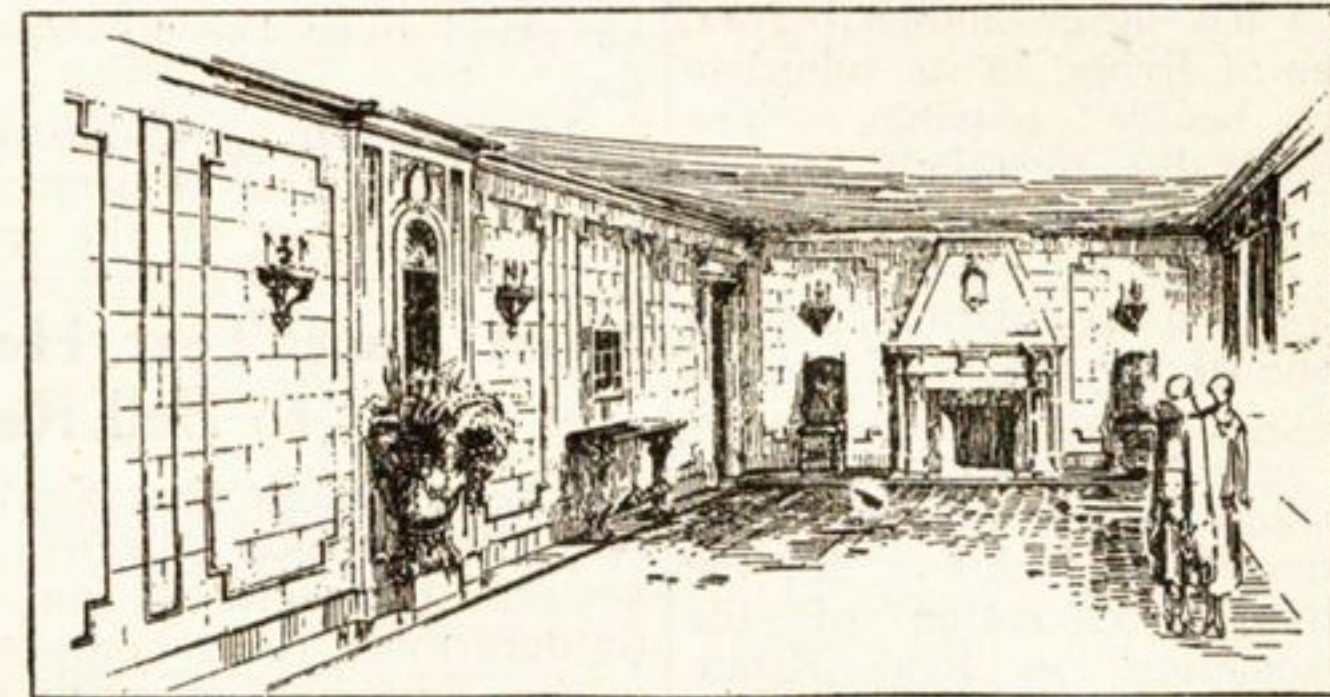
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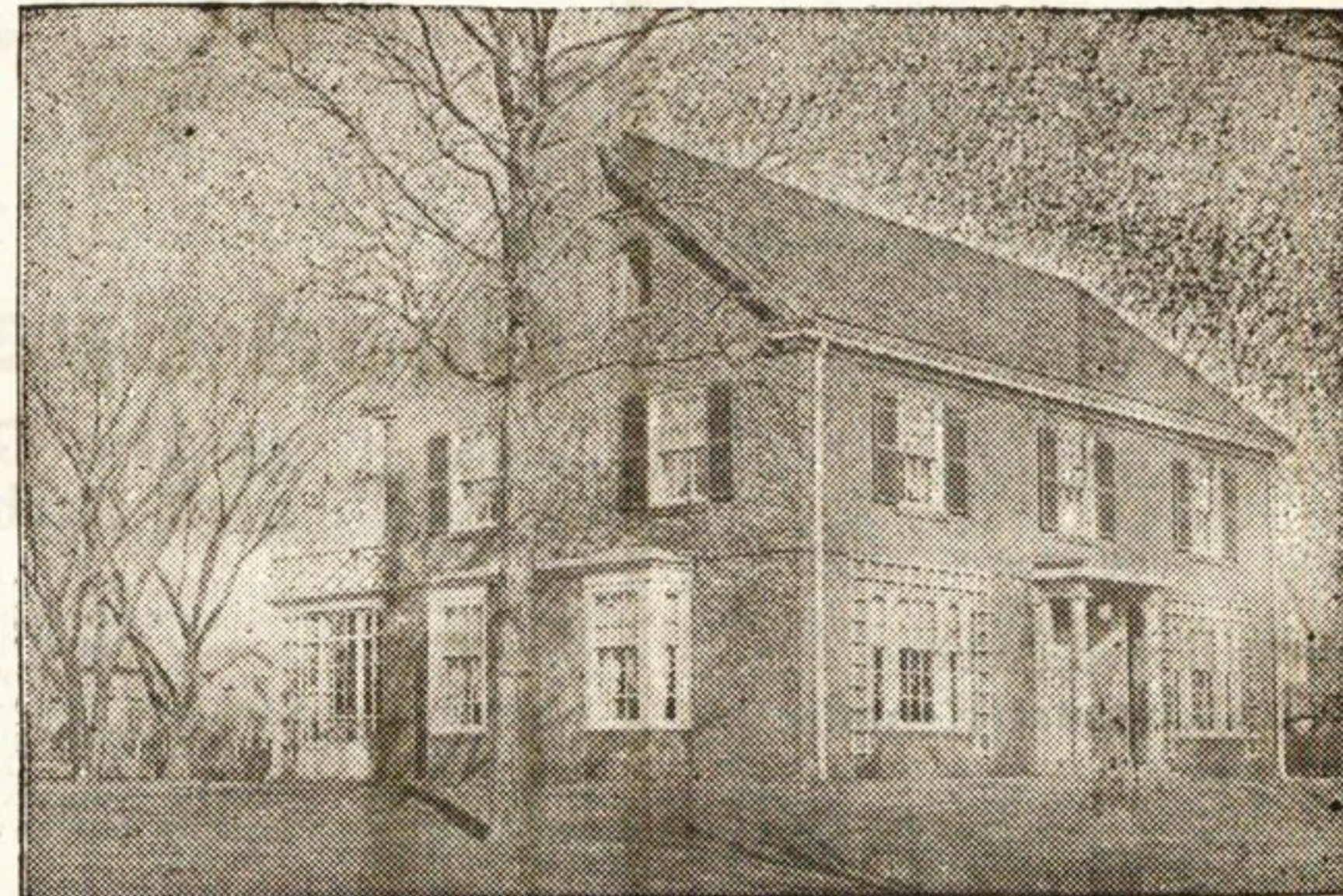
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