

A STUDY OF THE FIRE INSURANCE ON PUBLIC
SCHOOL BUILDINGS IN FLORIDA*

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Title XV, Section 237.07, Florida Statutes provides that:

Insuring School Property. --The County Board shall keep all school buildings of a school plant consisting of four or more classrooms insured against loss or damage by fire. School property in the county may be insured in such amount and with such kinds of insurance as will give proper protection; provided, that it shall be the duty of each county board to arrange insurance on a five-year plan.

The act failed to provide procedural requirements for the procurement of the mandatory protection. This lack produced many problems, recognized by the State Department of Education, of such extent that a competent professional insurance consultant was secured on a permanent basis to advise all the counties on this subject.

This investigation, accomplished with the complete cooperation of the State Department of Education, is to study the relationship between the premiums paid by county school boards in Florida for fire and extended coverage insurance on public school buildings and losses recovered thereon. The secondary purpose will be to determine the feasibility of establishing a self-insurance program for Florida's public schools. Answers to the following questions will be sought:

1. What has been the cost-loss ratio for fire and extended coverage insurance in the public schools of Florida for the past 21 years?

*Data for this article were taken from Paul Cory, "A Study of the Fire Insurance on Public School Buildings in Florida" (Unpublished doctoral dissertation, Florida State University, 1962).

2. How does the cost-loss ratio for fire and extended coverage insurance on public school buildings for the 21-year period compare with the cost-loss ratio with all commercial and private property in Florida for the same period?
3. What would be the financial advantages, if any, in the establishment of a self-insurance program for fire and extended coverage for the public schools in the State of Florida?

This study is limited to the consideration of the fire and extended insurance coverage on the buildings and contents of the public schools of the sixty-seven counties of Florida for the fiscal years 1940-1941 to 1960-1961, inclusive.

Procedure

The germane literature was reviewed and summarized. The history of self-insurance on public property in Florida was developed. Data for the analysis of premiums paid for fire and extended coverage on all public school buildings in Florida and the loss recoveries for the years 1940-1961 were extracted from the records, on file in the State Department of Education, submitted annually by the county superintendents to the State Superintendent of Public Instruction. Other data, such as the number of school buildings and the cost thereof, are from the Biennial Reports of the State Superintendent of Public Instruction. Sources of other data are indicated.

Results

Twenty-two studies pertinent to the subject were reviewed.¹⁻²²
These studies indicated that:

1. School properties are preferred risks.
2. Generally, fire insurance rates on school property are too high and should be reduced.
3. Five states and at least forty-nine city districts have functioning, economical and efficient self-insurance programs.

4. Considerable savings have been made by those utilizing self-insurance.
5. Cost-loss ratios, for schools, ranged from below 20% to 28.9%.
6. Insurance costs can be materially reduced by good house-keeping, adequate records and efficient management.
7. Insurance can be secured at less cost from mutual insurance companies than from stock companies.
8. Legislatures have displayed unfavorable attitudes toward passage of school self-insurance legislation.
9. There is a strong antipathy to self-insurance on the part of the organized insurance industry.
10. There is an increasing interest in and understanding of the economy and efficiency of self-insurance by school administrators.
11. There is little uniformity in methods of insuring school properties.
12. Municipalities, with somewhat lower loss ratios on property insured than schools, are considered to be preferred risks, and are beginning to utilize self-insurance, as a means of combating high commercial rates, with considerable success.

The history of self-insurance on public property in Florida began in 1917 with the legislative creation of the "State Fire Insurance Fund."²³ This act did not include public school buildings. However, in 1925 the first attempt to secure legislative approval of self-insurance for public school property was made by Colin English, Superintendent of Public Instruction for Lee County,²⁴ which was unsuccessful. Subsequent attempts have been made in 1937, 1951, 1959, and 1961, to no avail.

It may be seen, from Table 1, that the investment in school property in Florida has increased \$631,000,000 since 1950, and that the average annual increase for the last ten years has been at the \$50,000,000 level. It may also be seen that for the last five years the average annual increase is \$60,000,000.

Table 1
 Number, Construction, and Cost of School Property
 for Years 1940-1961

Year	No. of Bldgs.	Type of Building			Per Cent of Bldgs. Brick and Concrete	Original Cost of School Property
		Frame	Brick	Concrete		
1940-41	2,569	1,676	564	329	35	\$ 84,417,084
1941-42	2,562	1,664	568	330	35	87,030,098
1942-43	2,575	1,668	574	333	35	88,502,881
1943-44	2,570	1,662	573	335	35	89,232,874
1944-45	2,564	1,654	574	336	36	90,045,382
1945-46	2,560	1,650	573	337	36	91,188,787
1946-47	2,589	1,665	579	345	36	94,672,233
1947-48	2,633	1,683	589	361	36	102,543,472
1948-49	2,651	1,633	602	416	38	120,167,319
1949-50	2,710	1,643	610	457	39.3	145,398,167
1950-51	2,728	1,639	624	465	40	165,396,345
1951-52	2,782	1,628	658	496	41.4	198,804,166
1952-53	2,818	1,624	668	526	42.3	223,882,900
1953-54	2,833	1,618	679	536	42.9	259,964,155
1954-55	2,900	1,609	722	569	44.5	310,898,392
1955-56	2,950	1,597	753	600	45.8	367,094,621
1956-57	3,084	1,586	826	672	48.6	424,594,059
1957-58	3,216	1,564	903	749	51.4	489,054,346
1958-59	3,324	1,540	973	811	53.7	564,659,738
1959-60	3,427	1,511	1,045	871	55.9	641,466,963
1960-61	3,554	1,478	1,135	941	58.4	715,146,222

In Tables 2 and 3, the computed insurable values of public school buildings and school equipment are presented. The total computed insurable value of school buildings and contents equals \$435,932,748, which is within approximately ten per cent of the actual insured values as reported by the county superintendents (\$488,400,000).

Table 2

Insurable Value of Public School Buildings (Contents Excluded) Base Year 1938-1961

	Value of Bldg. Const. Each Year* (1)	Non- Burnable Items (14%) (2)	Depreciable Value of Ann. Const. (3)	Deprec. Rate--2% (4)	Annual Incr. in Insur. Value (5)	Accumulated Total (6)
1938	\$ 31,594,150	\$ 4,423,281	\$ 27,170,867	\$ 4,890,750	\$ 22,280,119	\$ 22,280,119
1939	1,842,232	257,912	1,584,310	559,260	1,025,050	23,305,169
1940	879,307	123,103	756,204	582,663	173,541	23,468,710
1941	1,151,292	161,180	990,102	600,128	389,974	23,848,684
1942	2,144,215	300,190	1,844,025	608,667	1,235,358	25,074,042
1943	1,466,079	205,251	1,260,828	639,715	621,113	25,695,155
1944	543,464	76,084	467,380	656,996	(189,616)	25,505,539
1945	511,102	71,554	439,548	666,064	(226,516)	25,279,023
1946	956,470	133,905	822,565	678,684	143,881	25,422,904
1947	3,183,082	445,631	2,737,451	714,283	2,023,168	27,446,072
1948	9,067,659	1,269,472	7,798,187	819,638	6,978,549	34,424,621
1949	16,291,160	2,280,762	14,010,398	1,037,722	12,972,676	47,397,297
1950	12,976,415	1,816,698	11,159,717	1,289,422	9,870,295	57,267,592
1951	16,205,718	2,268,800	13,936,918	1,540,388	12,396,530	69,664,122
1952	28,311,294	3,963,581	24,347,713	1,923,234	22,424,479	92,088,801
1953	21,380,973	2,993,336	18,387,637	2,350,607	16,037,030	108,125,631
1954	30,452,192	4,263,306	26,188,886	2,796,371	23,392,515	131,518,146
1955	42,416,591	5,938,322	36,478,269	3,423,041	33,055,228	164,573,374
1956	46,342,720	6,487,980	39,854,740	4,186,370	35,668,370	200,241,744
1957	46,601,989	6,524,279	40,077,711	4,985,694	35,092,017	235,333,761
1958	51,358,059	7,190,128	44,167,931	5,828,150	38,339,781	273,673,542
1959	61,171,477	8,564,006	52,607,471	6,795,903	45,811,568	319,485,110
1960	60,579,791	8,481,170	52,098,621	7,842,963	44,255,658	363,740,768
1961	57,402,542	8,036,355	49,366,187	8,857,610	40,508,577	404,249,345
	\$544,829,973	\$76,276,184	\$468,553,789	\$64,304,444		

*Site cost not included.

Table 3
 School Equipment--Cost, Depreciation and Insurable Value
 1952-1961

Year Ended June 30	Cost	Depreciation Annual Rate 10%	Insurable Value	Accumulative Total
1952	\$ 3,203,187	\$ 3,043,028	\$ 160,159	\$ 160,159
1953	3,318,229	2,820,494	497,735	657,894
1954	3,496,335	2,622,251	874,084	1,531,987
1955	4,882,190	3,173,423	1,708,767	3,240,745
1956	5,749,966	3,162,481	2,587,485	5,828,230
1957	6,252,022	2,813,409	3,438,613	9,266,843
1958	5,734,819	1,907,168	3,827,651	13,094,494
1959	7,060,963	1,765,240	5,295,723	18,390,217
1960	7,466,746	1,120,012	6,346,734	24,736,951
1961	<u>8,406,820</u>	<u>420,341</u>	7,986,479	32,723,430
	\$55,571,277	\$22,847,847		

In Table 4, the total amount of premiums paid, the loss recoveries and the cost-loss ratio are shown for each county in Florida. The payment of premiums by the 67 Florida county school boards for fire and extended coverage insurance for the 21-year period totaled \$13,345,417. The losses sustained over the same period brought a return on premiums of \$3,254,094 for a cost-loss ratio of 24.37%.

The table shows that 30 counties have sustained less than a 10% loss over the 21 years. The table also shows 19 that have less than a 5% loss (with two having no losses); 7 with less than 1% loss; 4 with losses less than 3%. These 30 county boards expended \$3,692,608 in premiums with a loss recovery of only \$186,536 and a cost-loss ratio of 5.05%.

Table 5 is a consolidated statement of the premiums paid, losses incurred and cost-loss ratios, by years, for all Florida county school boards which shows that in only one year (1948) did losses exceed 100% (of premiums paid) and in three years (1951-52, 1954-55, and 1958-59) losses were less than 10%.

Table 4

Premiums Paid and Loss Recoveries on Fire and Extended Coverage Insurance
in Individual Counties 1940-41 through 1960-61

County	Premiums Paid		Loss Recovery		Cost-Loss Ratios		County		Premiums Paid		Loss Recovery		Cost-Loss Ratios	
	\$		\$			%			\$		\$			%
Alachua	208,119.62		41,593.68		19.98%		Lee	118,743.74		6,516.84		5.48%		
Baker	68,537.45		1,305.00		1.90		Leon	122,408.02		9,210.96		7.52		
Bay	298,827.09		370.94		.12		Levy	49,726.98		7,269.81		14.61		
Bradford	78,359.26		4,410.94		5.62		Liberty	28,822.25		10,900.00		37.81		
Brevard	128,203.52		40,682.88		31.73		Madison	81,569.39		71,135.09		87.20		
Broward	708,012.36		63,630.30		8.98		Manatee	167,590.28		22,285.13		13.29		
Calhoun	55,319.46		25,342.59		45.89		Marion	202,117.54		33,059.30		10.91		
Charlotte	21,362.98		10,374.76		48.56		Martin	47,301.14		2,239.53		4.73		
Citrus	54,423.52		844.03		1.55		Monroe	137,026.35		75,402.36		54.66		
Clay	76,778.08		2,293.39		2.98		Nassau	106,534.75		9,596.68		8.00		
Collier	49,101.50		20,193.03		41.13		Okaloosa	177,085.71		143,322.71		80.94		
Columbia	44,059.52		12,409.42		28.16		Okeechobee	26,857.89		11,105.92		41.35		
Dade	3,466,947.20		416,077.53		12.01		Orange	408,496.43		203,178.54		49.73		
De Soto	27,104.11		762.31		2.81		Osceola	55,284.64		3,573.85		6.82		
Dixie	38,469.64		29,170.00		75.82		Palm Beach	828,950.56		576,840.82		69.58		
Duval	828,302.73		260,106.10		31.40		Pasco	115,080.37		13,814.50		12.00		
Escambia	537,967.48		170,142.45		31.44		Pinellas	333,019.66		10,456.27		2.98		
Flagler	43,102.24		7,357.28		17.06		Polk	534,713.57		237,437.34		44.40		
Franklin	27,222.78		2,357.61		8.66		Putnam	84,062.70		171,362.34		203.85		
Gadsden	154,543.82		25,730.65		16.64		St. Johns	92,176.40		22,016.30		23.91		
Gilchrist	29,727.55		0		0		St. Lucie	54,093.66		1,372.02		2.53		
Glades	12,571.22		5,125.95		40.77		Santa Rosa	126,191.97		15,425.63		12.22		
Gulf	45,980.04		16.50		.036		Sarasota	139,727.41		5,601.19		4.01		
Hamilton	38,922.42		442.31		1.13		Seminole	152,836.15		64,497.14		42.20		
Hardee	47,577.79		20,000.00		42.03		Sumter	44,860.08		416.00		.92		
Henry	79,507.21		124.75		.15		Suwannee	60,815.81		47,387.74		77.92		
Hernando	27,545.38		307.09		1.11		Taylor	40,864.40		5,172.41		12.65		
Highlands	77,174.23		521.11		.67		Union	38,071.19		0		0		
Hillsborough	764,806.19		50,989.72		6.66		Volusia	297,070.48		108,026.38		36.36		
Holmes	51,755.74		2,910.96		5.62		Wakulla	48,510.71		43.55		.08		
Indian River	56,095.12		201.72		.35		Walton	67,902.05		19,393.63		28.56		
Jackson	193,648.84		93,536.29		48.30		Washington	36,678.50		3,200.00		8.72		
Jefferson	45,596.15		3,024.65		6.63									
Lafayette	12,950.63		22,000.00		169.88									
Lake	120,703.67		19,469.06		16.12									
										\$13,345,417.32		\$3,254,094.98		24.43%

Table 5

Premiums Paid for Fire and Extended Coverage Insurance and
Payments Received for Losses 1940-1941 through 1960-1961
with Cost-Loss Ratios for All Counties

Fiscal Year	Insurance Premiums Paid (1)	Payments Received for Insured Losses (2)	Cost-Loss Ratios (3)
1940-41	\$ 206,346	\$ 155,065	75.14%
1941-42	246,223	109,948	44.65
1942-43	249,176	86,983	34.90
1943-44	255,169	44,369	17.38
1944-45	265,186	37,586	14.17
1945-46	265,132	75,950	28.64
1946-47	317,409	96,808	30.49
1947-48	392,291	444,691	113.35
1948-49	522,944	162,099	30.99
1949-50	637,777	224,713	35.23
1950-51	788,674	291,116	36.91
1951-52	836,195	42,324	5.06
1952-53	889,085	203,643	22.90
1953-54	880,961	216,557	24.58
1954-55	875,426	39,461	4.50
1955-56	997,823	491,240	49.23
1956-57	876,021	103,938	11.86
1957-58	713,437	73,342	10.28
1958-59	1,369,484	113,180	8.26
1959-60	956,160	148,233	23.57
1960-61	<u>808,793</u>	<u>190,477</u>	<u>23.57</u>
Total	\$13,345,417	\$ 3,254,094	24.37%

Table 6 presents in tabular form a comparison between all fire and extended coverage insurance costs and losses written in the State of Florida and public school costs and losses for the 10-year period, 1951-1961.

By application of Bests' Formula²⁵ to the totals of the table it is found that the profit on school premiums (for the 10 years) was 37.4% and on the total statewide business was 19% or approximately two times as great on public school business.

A 95.5% return on a short questionnaire to each county superintendent elicited the following reactions:

1. 19 counties (30%) award their fire insurance on bids.
2. 52 counties (81%) consider their present practice satisfactory.
3. a. 18 counties utilize an employee part-time to care for insurance matters.
b. 1 county employs a full-time employee to manage its insurance program.
4. a. 40 superintendents favor self-insurance.
b. 16 superintendents do not favor self-insurance.
c. 3 superintendents are unsure.
d. 5 superintendents did not respond to the question.
5. a. 14 superintendents favor mandatory participation in a self-insurance program if such be effected.
b. 26 superintendents favor permissive participation in a self-insurance program if such be effected.
6. 19 counties use a single blanket policy for their fire and extended coverage insurance protection.
6 counties utilize 2 policies.
3 counties utilize 3 policies.
4 counties utilize 4 policies.
12 counties utilize 5 policies.
2 counties utilize 6 policies.
2 counties utilize 7 policies.
2 counties utilize 8 policies.
4 counties utilize 10 policies.
9 counties utilize over 10 policies.

Table 6

All Fire and Extended Coverage Insurance Costs and Losses Written in Florida
Compared with Public School Costs in Florida for 1951-52 through 1960-61

	Premiums Paid (1)	% (2)	Losses Incurred (3)	% (4)	Cost-Loss Ratio (5)
1960-1961					
(a) Fire Insurance	\$41,479,398		\$21,012,200		50.65%
(b) Extended Coverage	31,290,191		53,571,589		171.20
(c) Total Fire & Ext. Cov.	\$72,769,589	100	\$73,583,789	100	101.11
(d) School Prem. & Losses	808,793	1.1	190,477	.25	15.50
(e) Total Commercial	<u>\$71,960,796</u>		<u>\$73,393,312</u>		102.10
1959-1960					
(a) Fire Insurance	\$37,601,624		\$17,168,459		45.65
(b) Extended Coverage	29,415,642		2,939,542		9.99
(c) Total Fire & Ext. Cov.	\$67,017,266	100	\$20,108,001	100	29.67
(d) School Prem. & Losses	956,160	1.4	148,233	.70	23.57
(e) Total Commercial	<u>\$66,061,106</u>		<u>\$19,959,768</u>		30.21
1958-1959					
(a) Fire Insurance	\$34,983,543		\$20,217,701		57.78
(b) Extended Coverage	27,178,332		2,948,812		10.84
(c) Total Fire & Ext. Cov.	\$62,161,875	100	\$23,166,513	100	37.26
(d) School Prem. & Losses	1,369,484	2.2	113,180	.48	8.26
(e) Total Commercial	<u>\$60,792,391</u>		<u>\$23,053,333</u>		37.92
1957-1958					
(a) Fire Insurance	\$34,965,064		\$13,406,816		38.34
(b) Extended Coverage	27,282,096		1,363,966		4.99
(c) Total Fire & Ext. Cov.	\$62,247,160	100	\$14,770,782	100	23.72
(d) School Prem. & Losses	713,437	1.14	73,342	.49	10.28
(e) Total Commercial	<u>\$61,533,723</u>		<u>\$14,697,440</u>		41.86
1956-1957					
(a) Fire Insurance	\$33,359,995		\$12,906,586		38.68
(b) Extended Coverage	26,931,355		1,248,316		4.63
(c) Total Fire & Ext. Cov.	\$60,291,350	100	\$14,154,902	100	23.47
(d) School Prem. & Losses	876,021	1.4	103,938	.73	11.86
(e) Total Commercial	<u>\$59,415,329</u>		<u>\$14,050,964</u>		23.64

1955-	(a) Fire Insurance	\$32,419,334		\$10,549,672		32.53
1956	(b) Extended Coverage	<u>27,585,710</u>		<u>831,915</u>		3.01
	(c) Total Fire & Ext. Cov.	\$60,005,044	100	\$11,380,987	100	18.96
	(d) School Prem. & Losses	<u>997,823</u>	1.6	<u>491,240</u>	4.3	49.23
	(e) Total Commercial	<u>\$59,007,221</u>		<u>\$10,889,747</u>		19.46
1954-	(a) Fire Insurance	\$29,881,927		\$10,996,709		36.80
1955	(b) Extended Coverage	<u>22,468,748</u>		<u>450,571</u>		2.00
	(c) Total Fire & Ext. Cov.	\$52,350,675	100	\$11,447,280	100	21.86
	(d) School Prem. & Losses	<u>875,426</u>	1.4	<u>39,461</u>	.34	4.50
	(e) Total Commercial	<u>\$51,475,249</u>		<u>\$11,407,819</u>		22.16
1953-	(a) Fire Insurance	\$27,143,138		\$8,819,650		32.49
1954	(b) Extended Coverage	<u>18,471,662</u>		<u>775,074</u>		4.19
	(c) Total Fire & Ext. Cov.	\$45,614,800	100	\$9,594,724	100	21.03
	(d) School Prem. & Losses	<u>880,961</u>	1.9	<u>216,557</u>	2.2	24.58
	(e) Total Commercial	<u>\$44,733,839</u>		<u>\$9,378,167</u>		20.96
1952-	(a) Fire Insurance	\$26,960,707		\$9,382,165		34.79
1953	(b) Extended Coverage	<u>15,538,283</u>		<u>1,088,421</u>		7.00
	(c) Total Fire & Ext. Cov.	\$42,498,990	100	\$10,470,586	100	24.63
	(d) School Prem. & Losses	<u>889,085</u>	2.0	<u>203,643</u>	1.9	22.90
	(e) Total Commercial	<u>\$41,609,905</u>		<u>\$10,266,943</u>		24.67
1951-	(a) Fire Insurance	\$29,395,818		\$8,873,719		30.18
1952	(b) Extended Coverage	<u>16,469,298</u>		<u>7,159,381</u>		43.47
	(c) Total Fire & Ext. Cov.	\$45,865,116	100	\$16,033,100	100	34.95
	(d) School Prem. & Losses	<u>836,195</u>	1.8	<u>42,324</u>	.26	5.06
	(e) Total Commercial	<u>\$45,028,921</u>		<u>\$15,990,776</u>		35.51

Column (1) depicts the monetary volume of premiums paid for the year.

Column (2) shows the per cent of the totals shown in item (c).

Column (3) indicates the monetary amount of the annual losses paid to the insured for losses sustained under their policy coverage.

Column (4) relates the percentage of item (c).

Column (5) is a listing of the cost-loss ratios for each year.

Three computations are shown, for hypothetical self-insurance funds, in Tables 7, 8, and 9. Table 7 indicates what would have been in a fund now (conservatively estimated) had such a fund been placed in operation in 1940 based on actual premiums paid and losses sustained. Table 8 forecasts, on a basis of 80% payment of present premium rates for the period, what can be in a self-insurance fund if one is established in 1962. Table 9 also forecasts on similar grounds except that the premium rate is reduced to 70% after five years and to 60% after 10 years of operation.

All of the projections indicated an annual savings to the taxpayers in excess of \$500,000 if a self-insurance plan is enacted.

Findings

1. Fire insurance on all school buildings of over three classrooms is required by statute.
2. No uniformity of method for obtaining insurance obtains in the Florida school system. Thirty per cent of the counties use bidding to secure their insurance; 13 counties have 10 policies or more, with one county using 110 policies, to cover their insurance needs.
3. The insurable value of Florida school property is approximately \$450,000,000.
4. At the close of the fiscal year 1960-61, Florida had a total investment of \$715,000,000 in its school plant, the average annual increase for the last five years being over \$60,000,000.
5. Florida's school boards expended \$13,345,417 for fire and extended coverage insurance premiums for the 21-year period, 1940-1961, and received benefits totaling \$3,254,094. The cost-loss ratio of 24.37% is comparable to the experiences reported in the studies reviewed.
6. The cost-loss ratio for 1951-1961 for the public schools was 17.6% compared with the ratio of 36.0% for the state as a whole, and, while the schools' fire and extended coverage insurance totaled only 1.6% of the total premiums written for this class in the state, its losses were only .79% of the total losses.

Table 7

Estimated Accumulations in a Public School Self-Insurance Fund
Had Such a Fund Been in Operation in Florida from 1940-1961

	Actual Premium Payments by County School Boards (1)	Adminis- trative Cost (2)	Actual Losses Paid Out (3)	Annual Increment from Operations (4)	Interest Earned on Balance Invested (5)	Accumula- tive Reserve (6)
1940-41	\$ 206,346	\$ 20,634	\$ 155,065	\$ 30,647	\$ ---	\$ 30,647
1941-42	246,223	24,622	109,948	111,653	---	142,300
1942-43	249,176	24,917	86,983	137,276	3,000	282,576
1943-44	255,169	25,516	44,369	185,284	7,200	475,060
1944-45	265,186	26,518	37,586	201,082	13,500	689,642
1945-46	265,132	26,513	75,950	162,779	19,500	871,921
1946-47	317,409	31,740	96,808	188,861	24,000	1,084,782
1947-48	392,291	39,229	444,691	(91,629)	30,000	1,023,153
1948-49	522,944	52,294	162,099	308,551	30,000	1,361,704
1949-50	637,777	63,777	224,713	349,287	30,000	1,740,991
1950-51	788,674	78,867	291,116	418,691	45,000	2,204,682
1951-52	836,195	83,619	42,324	710,252	60,000	2,974,934
1952-53	889,085	88,908	203,643	596,534	75,000	3,646,468
1953-54	880,961	88,096	216,557	576,308	90,000	4,312,776
1954-55	875,426	87,542	39,461	748,423	120,000	5,181,199
1955-56	997,823	99,782	491,240	406,801	150,000	5,738,000
1956-57	876,021	87,602	103,938	684,481	165,000	6,587,481
1957-58	713,437	71,343	73,342	568,752	180,000	7,336,233
1958-59	1,369,484	136,948	113,180	1,119,356	210,000	8,665,589
1959-60	956,160	95,616	148,233	712,311	240,000	9,617,900
1960-61	808,793	80,879	190,477	537,437	270,000	10,425,337
	<u>\$13,345,417</u>	<u>\$1,334,541</u>	<u>\$3,254,094</u>	<u>\$8,663,137</u>	<u>\$1,762,000</u>	<u>\$10,425,337</u>

Table 8

Estimated Premium Income, Administrative Costs,
Interest Income and Fund Balances*
1962-1976

Year	Premium Income	Adminis- trative Costs	Fire Losses (22%) of Premiums	Annual Increase to Reserve	Interest on Invested Funds	Accumulative Total of Reserve
1962	\$ 713,705	\$107,000	\$157,015	\$ 559,690	\$ ---	\$ 559,690
1963	779,351	78,000	171,457	529,894	20,000	1,109,584
1964	843,684	84,000	185,610	574,074	40,000	1,723,658
1965	906,730	91,000	199,480	616,250	60,000	2,399,908
1966	968,516	97,000	213,074	658,442	80,000	3,138,350
1967	1,029,065	103,000	226,494	699,571	100,000	3,937,921
1968	1,088,404	109,000	239,405	739,999	140,000	4,817,920
1969	1,146,556	115,000	252,242	779,314	180,000	5,777,234
1970	1,203,545	120,000	264,780	818,765	220,000	6,815,999
1971	1,259,394	126,000	277,067	856,327	260,000	7,932,326
1972	1,314,126	134,000	294,608	885,518	300,000	9,117,844
1973	1,367,764	137,000	300,918	929,846	340,000	10,387,690
1974	1,420,328	142,000	312,472	965,856	400,000	11,753,546
1975	1,471,842	147,000	323,805	1,001,037	460,000	13,214,583
1976	1,522,325	152,000	334,912	1,035,413	520,000	14,769,996

*Premiums computed at 80% for the entire period.

Table 9

Estimated Premium Income, Administrative Costs,
Interest Income and Fund Balances*
1962-1976

Year	Premium Income	Adminis- trative Costs	Fire Losses (22%) of Premiums	Annual Increase to Reserve	Interest on Invested Funds	Accumulative Total of Reserve
1962	\$ 713,705	\$107,000	\$157,015	\$559,690	\$ ---	\$ 559,690
1963	779,351	78,000	171,457	529,894	20,000	1,109,584
1964	843,684	84,000	185,610	574,074	40,000	1,723,658
1965	906,730	91,000	199,480	616,250	60,000	2,399,908
1966	968,516	97,000	213,074	658,442	80,000	3,138,350
1967	903,909	90,000	198,860	615,049	100,000	3,853,399
1968	956,030	96,000	210,326	649,704	140,000	4,643,103
1969	1,007,110	101,000	221,564	677,546	180,000	5,499,649
1970	1,057,168	106,000	232,577	718,591	200,000	6,418,240
1971	1,106,224	116,000	243,369	746,855	240,000	7,405,095
1972	976,715	98,000	214,877	663,838	280,000	8,348,933
1973	1,016,581	102,000	223,648	690,933	320,000	9,359,866
1974	1,055,649	106,000	232,243	717,406	360,000	10,437,272
1975	1,093,936	109,000	240,666	744,270	400,000	11,581,542
1976	1,131,458	113,000	248,921	769,537	440,000	12,791,079

*Premiums computed at 80% for 1962-1966; 70% for 1967-1971; and 60% for 1972-1976.

7. The data show that 30 counties, 45% of the state, had cost-loss ratios below 10% and only 25, or 37%, had cost-loss ratios in excess of 25%. Two counties received no benefits and only two counties received more in benefits than premiums paid.
8. The percentage of fire-resistant buildings has risen from 35% in 1951 to 58.4% but premium rates do not reflect this change.
9. The cost of fire and extended coverage insurance to the public schools is excessive and therefore discriminatory.
10. Public school buildings in Florida are a preferred risk and should be placed in a separate classification with rates based on actual experience.
11. A comparison of all fire and extended coverage insurance premiums paid to all insurance underwriters doing business in Florida and losses paid by them with school premiums paid and loss recoveries for the same type of insurance revealed the following:
 - a. For the 10-year period, 1951-1961, the all state cost-loss ratio was 451.1% with the public school loss ratio being 17.5%.
 - b. The insurance industry net profit for the 10-year period was--on all state 14% and on public school insurance 37.4%.
 - c. The insurance industry net profit for the 21-year period on public school insurance was 31.1%.
12. Insurance costs to the county school boards can be materially reduced through cooperative action.
13. The public schools of Florida would not benefit by being included in the State Fire Insurance Fund. Participation in this "Fund" would provide no financial relief to the school boards; on the contrary, they would lose their present right to accept the lowest bidder for their insurance.
14. The data are sufficient to warrant the recommendations of a state self-insurance program for Florida's public schools.

15. A self-insurance program is feasible and would be superior in every consideration to the present manner of handling fire insurance in Florida's schools.
16. All the prerequisites for a self-insurance program are satisfiable.
17. A self-insurance program would provide a more complete continuous insurance coverage and at a lower cost than the present manner of insurance application.
18. The majority of county superintendents favor a self-insurance program for the Florida public schools.
19. Thirty-five per cent of those favoring a self-insurance program prefer a mandatory participation with 65% indicating a preference for permissive participation.
20. Hypothetical self-insurance plans were developed based on 80% of commercial premium rates which gave an initial 20% reduction in premium; also one was developed with a base of 80% commercial rate for the first five years, 70% for the next five years and 60% for the last five years of the 15-year plan. With the reduction in premiums, the accumulation in the Reserve amounted to \$14,000,000 and \$12,000,000 respectively. These estimations projected annual savings to the school boards of at least \$500,000 annually.

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