

## F. P. E. S. Hears J. G. Hubbell Talk

### Topic Is "Moral Hazards of Fire Insurance"

"Moral Hazard of Fire Insurance," was the subject matter of the talk presented to the Fire Protection Engineering Society by Mr. Joseph G. Hubbell of the National Inspection Company at a meeting held last Friday.

Mr. Hubbell introduced the subject by first explaining the state of affairs of the method of obtaining business in the insurance world. For clarity he assumed a small town with no fire protection. In the town is the main street 125 feet wide, with stores on both sides, including the bank, and insurance agency. From one to five insurance companies are represented by the agency, with any one of the five being able to write all of the town business. With the rates fixed by the inspection bureau, the only possible way for competition to enter into the picture would be through commissions paid. This is very true, there being three different groups, the Western association companies, the Western Bureau companies, and a few free lancers, all paying different commissions to the agents. The latter group is willing to pay large commissions and thereby are able to obtain better classes of risks.

#### Moral Hazard Not in Rate

He then went on to explain what rates do not do. Rates are comparative estimates of fire hazard. The rates determine the premium to be paid and, in the mind of the insured the premium, is a tax and is always too high. Due to the keen competition in the business, every inspection becomes a detailed analysis. In a building that is unexposed and vacant the only hazard involved is lightning, whereas as soon as it is occupied there are occupancy hazards and moral hazards involved.

The rate on a risk makes no allowance for the nature of the individuals insured. The personal element determines the probability of fire more so than any other hazard which may be measured in the making of the rate. The moral hazard is determined by the owner and the property. In the case of an honest owner and profitable property, the moral hazard is good, whereas when the owner is dishonest but has profitable property the moral hazard is questionable, but where the owner is dishonest and has unprofitable property the risk is considered as a dangerous undertaking.

For example, when a person builds a new building and sells his old property it is liable to very decided changes under the new management. In buying the property and then renting it, it will be first necessary to make changes in the building's appearance, and this must be done with the view that the changes will be paid for by the prospective customers and not profit already derived. The owner will therefore cut down on his expenses as much as possible, substituting poor materials for what is proper. Here the hazard has increased greatly over the original, because of the new occupants and methods used in obtaining them.

#### Adverse Risk Loss High

In closing, Mr. Hubbell explained that where a systematic administration of the care of the property was apparent and continued, the chances for success of the management are great, and the risk becomes desirable. The business referred to the inspection company for inspection are usually sub-standard risks. It is true that losses in adversely reported risks are much greater than should be expected, whereas, losses in desirable risks are always less than would seem reasonable to expect from fire loss records. Rates therefore do not entirely show the selection of business for underwriting. It is very necessary that the management be taken into consideration before the risk is accepted for underwriting.

Upon being questioned, Mr. Hubbell stated that the National Inspection company was the survival of company efforts to inspect their own risks. The company makes reports on risks only on request. Inspections usually include only high valued property with decidedly heavy hazards.

## Arx News

A few weeks ago this space contained an article referring to the senior arx being trapped between an incinerator and a Duplex apartment. Well, such was the case, and when the debris was finally cleared after the judgment of the "Housing Development" projects, the lucky survivors were Stew GRANGER, Wally SOBEL, Bill NICHOLAI, and Carl SEABURG, all of whom received mentions.

Of course, the usual post-mortem was held, but in spite of the impartial criticism by Mr. George CARR, the outside man on the jury, those who "GOT SOCKED" and those who did not fare so well were not CONSOLED.

Nor was the entire project without its moments of relaxation. For instance many enjoyable dinner-hours, and we might add that they were a little riotous, were spent at "RAK'S." On one particular evening a free-for-all sham battle took place. It wasn't exactly a WET party; but nevertheless, water-soaked napkins were used for ammunition.

If you read this at nine o'clock Tuesday morning, Nov. 13, you still have EIGHTY-FOUR HOURS before attending the ARX DANCE.

Who do you suppose visited the seniors ON CHARENTE last Tuesday? You'll never guess in a million years. . . . GUESS! GIVE UP? They were Bruce LOCKLING and Sholto SPEARS, and both diplomatic enough not to make any comments on the projects!

A little birdie relates the one about Irv ADDIS calmly whistling and leaving the ART INSTITUTE with a package of what was disguised as a lunch box under his arm. However, the BIRD is on Irv; because it wasn't a box of lunch, but a box of clay. J. WAGNER still has his eyes open, Irv!

Pity the poor juniors! Today their DUPLEX houses are due. Now pity the poor sophs! Their LIBRARIES are due next week. PITY, PITY, PITY! Slowly but SORLRY we're turning to obituaries.

ODDLY enough Johnna BENYA made a personal appearance the other day. Glad to see you, John, and where have you BENYA? (Apologies for this putrid pun are due H. Hal SLAVITT.)

Also when Charlie BEERSMAN criticized that someone had designed housing courts that were too closely spaced, Monsieur SLAVITT again came through with, "Yep, they're too close-together." Get it . . . CLOISTER courts! Would that Phil FARO, punster emeritus, were back in form! He'd give this guy SLAVITT a run for his punny.

Chuck HANDLER of the formidable senior double E's touchball team which trounced the mechanicals to the tune of 14-0 announces a formal challenge to the ARX, whose football has been idling for the past four weeks in Stew GRANGER'S locker. After 'em BOYS!

After beating the double E's (next week) these same versatile ARX will tackle the EMERSON PRIZE on Nov. 20. And if they can still take it on Nov. 26, they will throw the "Roman House" archeo for a loss.

EAGLE EYE.

## Junior Chemicals to Visit Softening Plant

This afternoon the junior chemicals will make an inspection trip to the Hinsdale water softening plant. Here the hard water forming materials are removed by precipitation. The lime and soda ash treatment is used for their removal.

The village of Hinsdale, like all the remaining villages and towns surrounding Chicago, obtains its water from deep wells. These waters are very hard, since large quantities of calcium and magnesium salts are present. The other villages do not have softening plants; individuals who require soft water must soften it themselves.

## Organize German Conversation Club

Last Thursday morning a small group of students met with Herr Doctor Fisher and spent a profitable hour in German conversation. In fact they had such a good time that they have decided to organize into a German conversation club. No topic of interest will be excluded from the conversation, which will eventually be entirely in German although now some questions are of necessity allowed to be asked in English.

Herr Doctor Fisher is using his influence outside of school to get special rates to the Kino, a German theater, and invitations to strictly high class German affairs. In preparation for these, the group will at the next meeting pretend they are at one of these affairs and go through all the motions talking German. Topics now under discussion are a German student's social life, formalities observed in Germany, and several books not allowed to be printed in the English language.

Der Deutsche Klub will meet every Thursday morning at 8:30 a. m. in F Mission. All those desiring to increase their speaking German vocabulary, their knowledge of German customs, and to actually participate in German social life with very little expense involved are invited to come.

## Alumnus Is Officer of Spring Company

C. R. Simmons, a civil engineering graduate of the class of 1915 was chosen secretary of the Nachman Springfield company at its recent election of officers and directors. Mr. Simmons thus holds a position of responsibility in one of the large spring manufacturing organizations in the middle west.

## Junior Mechs Visit Loop Building Plant

Through the courtesy of Roscoe B. Harris, M. E. '02, chief engineer of the Conway building, the junior mechanicals made an interesting inspection trip to the power plant there last Friday.

Accompanied by Professor Perry, the juniors had explained to them the operation of the various machines which supply electric power and heat to the building. This included several Corliss engines, among which was one that was being taken down for repairs, a diesel engine, the boilers, and the ventilating system. An exploration into parts of Chicago's freight tunnel system, a branch of which runs immediately beneath the building, was also made.

Mr. Harris is the father of Don C. Harris, a junior in the department of mechanical engineering here, and received his M. E. degree at Armour in 1908.

## Insulators Subject of Talk by Peebles

Prof. J. C. Peebles spoke before the downtown W. S. E. yesterday in the Engineering Building, 205 W. Wacker Drive. In his talk, which was on "Thermal Insulation," he discussed the properties, manufacture and use of bulk, blanket, board, and reflective insulators.

Some of the most common bulk insulators are refractory materials, such as asbestos. The most common type of blanket insulators are hair or felt mats. These are used where a limited space is available. Pressed wood fibre, wheat straw, corn husks, jute and hemp form the most familiar types of board insulators. Aluminum foil pasted to a suitably stiff material is the usual form of reflective insulation. This type will turn back as much as 50 percent of the radiant energy.

## Fraternity Notes

### PHI PI PHI

Gamma chapter of Phi Pi Phi takes great pleasure in announcing the formal initiation of: Bernard Phelan, C.E., '37. Lorentz A. Johanson, Arch., '37. and the pledging of Frank Smetana, Ch.E., '36. The Mothers' Club gave a tea at the house Sunday and everyone present had a most enjoyable afternoon. Brother Ray Stellar, '29, gave a very interesting talk about his trip to Europe last summer, at the Junior Meeting of the Western Society of Engineers last Thursday evening.

### DELTA TAU DELTA

The meeting of the Mothers' Club was unavoidably postponed from last Sunday. The meeting is to take place next Sunday afternoon. Plans for the Pledge dance have now been well formulated and rapid progress is being made towards the staging of a very successful affair. The committee under the able leadership of Norman J. McGuone is working hard. Brother Harry Green, an alumnus of the Washington State chapter and now national traveling secretary is staying at the house for a few days.

### BETA PSI

The Mothers' Club held their regular monthly meeting last Tuesday afternoon. They spent the afternoon playing buncos, and discussing coming events.

The Thanksgiving dance will be held on Saturday, November 24, and the Christmas dance on Saturday, December 22. Both will be orchestra dances.

### PHI KAPPA SIGMA

Quite a number of the fellows journeyed out to our chapter house at the University of Chicago for the

annual Fall Frolic last Saturday night.

The Phi Kap Mothers' Club held their second meeting of the school year on Sunday, November 11. Plans are being formulated which insure a very successful season.

Under the direction of Brother Biegler, the basketball team will hold its first practice tomorrow night.

Brother Fraizer, who is now attending Purdue, and several other members of Alpha Xi chapter stopped off at the house while in town for the game with Chicago.

### SIGMA ALPHA MU

Plans for our autumn, or Thanksgiving party are being organized by Fra Bernstein, for which reason we expect it to be a great success.

Other campus fraternities should take notice that we expect to be the "dark horses" of the ping pong season. The challenge laid down by Phi Kappa Sigma last week is hereby accepted.

Elaborate rearrangement of our new rooms has been effected, so that with the addition of a game room downstairs we find ourselves becoming more comfortably and better situated each day.

### KAPPA DELTA EPSILON

Alpha chapter of Kappa Delta Epsilon was recently honored by a visit of one of its well known alumni, Milton Shapiro.

Under the guidance of brother Ikenn and the management of brother Kubert, the basketball and swimming teams are progressing favorably and are awaiting the beginning of the season's inter-fraternity athletics.

A Halloween party was held at the house Saturday, October twenty-seventh, and a good time was had by all.

Mort Fineman, our social chairman, announces the resumption of the monthly banquets at the Allerton House in the near future.



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