

Insurance Evaluation of a University Library's Collections

Mr. Mixer is assistant director of libraries, Columbia University.

THE Columbia University Libraries have recently completed the regular triennial reappraisal of the collections for fire insurance purposes. Because of the effective teamwork manifested by the six Supervising Librarians and the twenty-three Department Heads and because of the procedures we had developed during the earlier evaluations, the reappraising of the three million items proceeded with dispatch. Since some other libraries may find helpful the methods which were followed, they are being described below.

At the time of the appraisal last February, the collections comprised 2,793,605 volumes, plus many files of manuscripts, maps, clippings, phonograph records, microfilms, etc. These research materials are shelved in 34 departmental libraries, library departments (e.g., Acquisitions, Cataloging, Administration), and in special reading rooms. The collections are located in 12 buildings, of which all but two (the Medical Library, 139,384 volumes, and the Optometry Library, 2,316 volumes) are on the main campus. Over half of the total book holdings are in the Nicholas Murray Butler Library (1,772,626 volumes).

Since the University administration takes care of the insurance coverage of the buildings, the Libraries are concerned only with the insurance of the collections. At the time of the 1951 appraisal, the total in-

surance valuation amounted to \$12,237,808, including the \$331,405 coverage on rarities (see Table).

Types of insurance

The University carries blanket insurance against the hazards of fire, windstorm, tornado, hail, airplane damage, and one or two minor hazards, on its real and personal educational property, excluding, however, property of a fine art nature which is more specifically insured. Because of the type of construction and the nature of occupancy of the buildings on the main campus and at the Medical Center, Columbia is eligible for a form of blanket coverage which carries no "co-insurance clause" but a "stated amount of insurance clause." Under this latter clause, if the University carries insurance up to the stated amount, it will collect the full amount of any loss (up to the amount of the insurance) resulting from the hazards covered. An affidavit signed by the University is required by the underwriters every three years to determine the stated amount used in the blanket insurance form. This figure is approximately 90% of the insurable value indicated in the affidavit.

If a co-insurance clause had been required, it would have been necessary for the University constantly to watch the value of its property since this clause is an agreement between the underwriters and the assured that insurance would be carried up to a certain percentage of the insurable value of the property covered. If at time

INSURANCE SCHEDULE, FEBRUARY 1951

	I. VOLUMES	INSURANCE SCHEDULE, FEBRUARY 1951						VIII TOTAL VALUE	BUILDING TOTALS
		II. AV VALUE	III. VALUE OF BOOKS	IV. OTHER MATERIALS KINDS	AMOUNT	V. VALUE OF MISC. MATERIALS	VI. RARITIES		
BUTLER									5,634,581.25
ACQUISITIONS									
BOOK ORDER DIV.	2342	*	9,524.00	—	—	—	—	9,524.00	
SERIALS	12,009	*	12,090.00	CATALOG CARDS	12,600	1,560.00	—	13,650.00	
GIFTS & EXCH.	282,750	*	53,135.75	—	—	—	—	53,135.75	
Deposit collec.	171,000	—	129,600.00	*	*	1,400.00	—	131,000.00	
CATALOG DEPT.	15,000	2.50	37,500.00	CATALOGS	220,410.00	—	—	257,910.00	
ADMINISTRATION	—	—	—	—	—	—	1,500.00	1,500.00	
BURGESS	27,309	2.50	68,272.50	PORTRAIT	1	100.00	—	68,372.50	
BUSINESS	116,720	*	309,800.00	*	*	44,000.00	1,000.00	354,800.00	
CARPENTER, ETC	32,592	*	83,526.00	*	*	15,600.00	—	99,126.00	
CIRCULATION	737,266	2.50	1,843,165.00	—	—	—	—	1,843,165.00	
COLLEGE	34,610	2.50	86,525.00	*	*	2,768.00	—	89,293.00	
LENDING SERVICE	3,086	2.50	7,715.00	—	—	—	—	7,715.00	
NEWSPAPERS	7,500	2.00	15,000.00	MICRO-FILMS READER	2,301	12,105.00	—	27,105.00	
PERIODICAL/BROWSING	4,303	*	11,100.00	—	—	150.00	—	11,250.00	
PHILOSOPHY	8,421	2.50	21,052.50	—	—	—	—	21,052.50	
REFERENCE	20,500	*	120,000.00	—	—	—	4,250.00	124,250.00	
SCH. LIBR. SERVICE	65,328	*	174,511.00	*	*	19,500.00	—	194,011.00	
LAW OVERFLOW	33,000	4.75	156,750.00	—	—	—	—	156,750.00	
RUSSIAN ARCHIVE	—	—	—	*	*	11,000.00	SEE SPEC COLL	23,750.00	
PHOTOGRAPH DIV.	—	—	—	*	*	8,990.00	—	8,990.00	
SPECIAL COLLECTIONS	191,951	*	1,809,381.50	*	*	54,840.00	194,315.00	2,058,536.50	
Law rarities	2,000	5.50	11,000.00	—	—	—	2,100.00	2,100.00	
Medical rarities	4,939	*	55,095.00	—	—	—	11,500.00	22,500.00	
Medical CANCER	—	—	—	—	—	—	—	55,095.00	
AVERY									928,040.00
AVERY	50,866	15.00	762,990.00	*	*	61,800.00	59,250.00	884,040.00	
WARE	1,200	15.00	18,000.00	*	*	26,000.00	—	44,000.00	
CASA ITALIANA									53,545.00
PATERNO	21,418	2.50	53,545.00	—	—	—	—	53,545.00	
CHANDLER									168,774.00
CHEMISTRY	28,129	6.00	168,774.00	—	—	—	—	168,774.00	
JOURNALISM									237,395.75
JOURNALISM	8,030	3.00	24,090.00	*	*	107,842.00	—	131,932.00	
MUSIC	19,884	*	70,324.50	*	*	35,139.25	—	105,463.75	
KENT									1,461,011.00
LAW	295,276	4.75	1,402,561.00	*	*	50,300.00	8,150.00 See also SPEC. COLLUS	1,461,011.00	
LOW									1,266,822.00
COLUMBIANA	12,000	*	70,000.00	MSS. Etc.	—	30,000.00	—	100,000.00	
EAST ASIATIC	183,014	*	530,031.75	*	*	60,096.25	34,715.00	624,843.00	
ENGINEER'G ETC	67,644	*	420,144.00	*	*	18,035.00	—	438,179.00	
MATHEMATICS	13,000	—	45,500.00	*	*	1,050.00	—	46,550.00	
AM. MATH. SOC. LIBRARY	13,000	Appraised Value	57,250.00	—	—	—	—	57,250.00	
MINES									361,378.00
EGLESTON	55,571	6.00	333,426.00	TRADE CATALOG	279,516	27,952.00	—	361,378.00	
PUPIN									52,374.00
PHYSICS	8,729	6.00	52,374.00	—	—	—	—	52,374.00	
SCHERMERHORN									770,545.00
AGRI/ZOOL/BOT	21,000	4.75	99,750.00	*	*	670.00	—	100,420.00	
GEOL./MAPS	45,500	4.75	216,125.00	*	*	30,650.00	—	246,775.00	
PSYCH/ANTHR	14,460	4.75	68,685.00	*	*	42,920.00	—	111,605.00	
FINE ARTS	20,558	15.00	308,370.00	*	*	1,500.00	1875.00	311,745.00	
TOTALS (CAMPUS)	2,651,905		9,716,683.50			886,377.50	331,405.00	10,934,466.00	10,934,466.00
MEDICAL									1,287,874.00
MEDICAL	139,384	*	1,230,049.00	*	*	57,825.00	SEE SPEC. COLLUS, BUTLER	1,287,874.00	
OPTOMETRY									15,468.00
OPTOMETRY	2,316	*	15,468.00	—	—	—	—	15,468.00	
GRAND TOTAL	2,793,605		10,962,200.50			944,202.50	331,405.00	12,237,808.00	12,237,808.00

* SEE DEPARTMENT LISTS FOR DETAILS

COLUMBIA UNIVERSITY LIBRARIES

FIRE INSURANCE EVALUATION, 1951

of loss it were shown that this had not been done, the assured would become a co-insurer for the deficiency. If, on the other hand, the co-insurance clause had been complied with, the assured would then receive the full amount of the loss up to the amount of the insurance.

It has been recognized by the University that some items of a fine arts nature are subject to losses by burglary and theft. The University has therefore excluded these items from the blanket policy and has brought them under a policy granting practically all risk protection. The property of the Libraries listed under this policy was valued at \$331,405 at the time of the 1951 appraisal. This included all items of fine art nature (rare books, incunabula, manuscripts, etc.) each of which is individually listed and each of which is valued at \$500 or more. Examples of the holdings included under this policy are Milton's *Paradise Lost* (1669), \$500; Stokes' *Iconography*, 6 vols., \$600; Townsend Civil War Clippings, 126 vols., \$500; Calandri *Aritmetica* (1491), \$750; and oriental rugs, silk (Smith), 2 at \$1,500 each.

A subsidiary matter connected with Fine Arts policies may be of interest to some libraries and that is in connection with the insurance coverage on collections or sets of books, manuscripts, etc. The usual practice is simply to indicate the value of the set as a whole, as was shown above in the case of Stokes' *Iconography*. As the University's insurance broker pointed out, however, in the event of the loss of one volume of a set, the underwriters would try to limit their liability to the pro rata value of that item. If all of the volumes of a set were of equal value, the pro rata payment would be satisfactory. It sometimes happens, however, that due to the fact that one of the volumes of a set is made up of plates or maps, or due to other reasons, a volume will

have a much greater value than the pro rata amount. In order to avoid possibly lengthy discussions with the underwriters in the event of loss or damage to such a volume, it is advisable to list the values of the individual volumes of a set where the worth of the individual volumes is not an equal proportion of the worth of the entire set.

An alternative suggested by the University's insurance brokers and which the Libraries have adopted for the coverage of 41 important sets is to have the Fine Arts policy endorsed with the following clause: "It is understood and agreed that in the event of the total loss of any article or articles which are part of a set, this Company agrees to pay the Assured the full amount of the value of such set as specified in the schedule attached, and the Assured agrees to surrender the remaining article or articles of the set to this Company." It is customary, although not obligatory, under this clause for the assured to buy back from the insurance company, at an agreed price, the remaining article or articles which comprise the pair or set. The University's insurance brokers recommended the use of this clause for the added protection which it gives. The provision is of special usefulness in those instances in which the loss of one or more volumes would seriously impair the worth of an entire set. This is particularly true when, after receiving payment, one would be able to purchase a complete set as a replacement.

Evaluation procedure

About six weeks before the triennial re-appraisal of the insurance value of the Libraries' collections was to be completed, mimeographed forms were sent in duplicate to the Department Head in charge of each of the departmental libraries and to others who had books, manuscripts, records, or

card catalogs under their supervision which were currently insured or, if not, which should be insured. These forms called for up-to-date data on the following points:

- A. Books to be insured under the blanket policy
 - 1. The number of volumes
 - 2. The average insurable value (see below for an explanation of this)
 - 3. The value of the books (the number of volumes times the average insurable value)
- B. Other materials
 - 1. Kinds (e.g., card catalogs, portraits, microfilm readers, manuscripts, etc.)
 - 2. Amount of such materials (e.g., 2,301 microfilms, 15,600 catalog cards, 279,516 trade catalogs, etc.)
 - 3. Total value of these materials
- C. Rarities
 - 1. The number of rarities
 - 2. The value of the rarities (a list containing the author, title, and value of each item was asked for)
- D. The total value of all items being insured (the sum of A3, B3, and C2)

Department Heads who have under their supervision collections which are shelved in more than one building were asked to list their information according to the building in which the collections were located. This was done to facilitate the preparation of the final composite evaluation report in which total insurable values have to be given by buildings due to the fact that the insurance rate varies with the degree to which the various structures are fire resistant. One copy of the mimeographed form was then returned to the Assistant Director and the other was retained for the departmental library's files.

After the basic data on the forms were examined and verified where necessary, the lists of rarities were checked over in detail with the insurance broker, a comparison being made with those in the previous triennial evaluation (a) to make sure that those included before were likewise included this

time (or were otherwise accounted for) and (b) to make sure that any rarities which had been acquired and insured during the preceding three-year period were now brought on to the main lists. There were changes to be made too, since in some instances the Supervising Librarians had requested that certain items be removed from the Fine Arts policy for inclusion instead under the blanket insurance policy. In other cases they had requested that the valuations of certain rare items be raised or lowered in the light of their knowledge of the current market value of the particular items.

The final step was the typing of all of the data in official form and the preparing of the evaluation chart on which one could see in concise form the data submitted (a) by types of material and (b) by building in which the materials are housed. Copies of the typed report and of the chart were forwarded to the appropriate administrative officers of the University, including one copy which would be sent on to the insurance broker for the making of the changes in the insurance coverage necessitated by the reappraisal. The entire set of report forms from the departmental librarians was microfilmed for safety reasons and the project came to a conclusion.

Determination of insurable values

Reference was made above to the term "average insurable value" in connection with books which were to be insured under the blanket policy. In general, the means for arriving at this figure is to estimate the average present-day purchase price of volumes in a given subject field and to deduct from this an average amount for depreciation and/or obsolescence. Therefore, these "average insurable values" are usually below the relatively high current purchase price of most publications. On the other

hand, there are factors which will tend to raise the "average insurable value" in some subject fields. For example, the appraising of volumes in the Chemistry, Physics, and Engineering Libraries is complicated by the fact that there is a higher proportion of periodicals in those libraries and by the fact that periodicals in those fields (as well as in medicine) tend to appreciate in value rather than depreciate with the passage of time. Books in the fields of fine arts and architecture have higher insurable values than those in the other subject fields because their large formats, abundant illustrations, and expensive coated paper cause a high initial purchase price and because the small number of copies printed results in an appreciation in their monetary value.

It is advisable, of course, to redetermine the "average insurable values" which are to be used when each re-evaluation of the collections is made, taking into account cost changes which have taken place since the previous evaluation was made. That was done when the Libraries made the 1951 evaluation, with most of the "average insurable values" being raised slightly. Those used were as follows:

General books	\$ 2.50 per vol.
Scientific books in general	4.75 per vol.
Engineering, Chemistry, and Physics books	6.00 per vol.
Law books	4.75 per vol.
Medical books	5.50 per vol.
Medical periodicals	12.00 per vol.
Architectural books	15.00 per vol.
Fine Arts books	15.00 per vol.

The "average insurable value" for all non-rarities was \$3.92 per volume in 1951, as compared with \$3.14 per volume in 1947.

As to the insurable values of the non-book materials, these were likewise determined in general on a present-day cost less depreciation basis, e.g., microfilm reading machines, photographic equipment, etc. Microfilms were appraised at \$5.00 to

\$6.00 a reel. Of major importance in this category, however, were the card catalogs. The basis for evaluating them was (a) the cost of the card stock and (b) the cost of the personnel which would be involved in duplicating the cards and in filing them in the catalogs. It does not include the actual cost of cataloging. This worked out to estimates of \$.10 per card, with the exception of the East Asiatic and the Music Library catalogs which were at the rate of \$.20 per card, and the shelflist which was at the rate of \$.05 per card.

The resulting insurance coverage on the major card catalogs was as follows:

Public catalog	\$130,000
Shelflist	51,740
Avery architecture catalog	25,500
Business Library catalog	22,000
East Asiatic Library catalog	50,000
Law Library catalog	50,000
Medical Library catalog	27,200
Music Library catalog	15,000
Serials, Official, catalog	20,400
Cards from Other Libraries catalog	18,270
TOTAL	\$410,110

The valuation for the public catalog is far lower than it would ordinarily have been for a total of 3,400,000 cards, due to the fact that the entire catalog, plus additions to it excepting for the last two years, has been microfilmed. Had the public catalog not been microfilmed, a markedly higher valuation and premium would have resulted because it would have been necessary with this catalog to figure in the cost of cataloging too. In a recent cost analysis that we made, we found that an average set of eight multilithed cards made for books cataloged in the General Cataloging Division cost \$.79, including the time spent by the cataloger. To this would have had to be added an estimated \$.56 per set of eight cards to cover the cost of filing them in the catalog, making a total cost per set

amounting to \$1.35. Assuming for present purposes that the 3,400,000 cards in the public catalog were made up of approximately 425,500 eight-card sets, the insurance coverage placed on it should have been at least \$573,750 instead of \$130,000, if the catalog had not been microfilmed.

Although reduced insurance premiums result if the card catalog is microfilmed, the main gain comes from the savings in the cost of reconstructing the catalog if the present one were destroyed.

Insurance coverage on books away from the University

The blanket insurance policy and the Fine Arts policy described above provide insurance protection while the books are in the Libraries. The former does not provide coverage while the books are away from the University but the Fine Arts policy does, with the protection limited to 10% of the total amount of the policy. Thus with the \$331,405 coverage on the Fine Arts policy, \$33,140 worth would be fully protected while off campus.

Since the major off-premises concentration of the Libraries' books and periodicals is at the commercial binderies, an investigation was made to see whether the binderies carried adequate fire insurance and sprinkler leakage insurance to cover the maximum number of our publications which would be apt to be in their plants at any one time. Two of the three binderies which Columbia utilized carried insurance and their insurance policies were examined by the University's insurance brokers. Minor changes which the latter suggested were gladly made by the binderies. Although the third bindery did not carry insurance against fire and sprinkler damage to Columbia's property, it took out a policy immediately.

The above-described action was initiated three years ago. In the meantime, the Li-

braries have begun to utilize a fourth bindery for handling certain specialized types of binding work. That company had an insurance policy covering the property of all of its customers.

With four binderies doing work for Columbia and with each of them having insurance policies which contained varying clauses, the University's insurance broker recommended that the University take out its own policy which would provide uniform conditions of coverage at each of the four binderies. Inasmuch as this would not only give the desired breadth and uniformity but would also assure a prompter settlement of our claims in the event of a loss, the University took out such a policy. Although the University has paid the premium this first year, we shall ask the binderies to cancel their present insurance coverage on our property when their policies come up for renewal next spring and instead to pay their proportionate share of the premium on our policy. We anticipate that they will readily agree to do so, especially since this will in most instances enable them to save some money in premium payments due to the advantageous insurance rate which the University has.

Insurance rates

There is a natural interest in how much such blanket insurance and Fine Arts insurance cost. Since the insurance rates are determined (a) by the modernity and degree of fire-proofness of the buildings in which the publications are shelved and (b) by the amount and type of fire-fighting equipment which is available in the community, such information can best be secured through local insurance brokers or agents.

One practice, however, which will help to keep the rates to a minimum is to have periodic inspections made of the buildings

(Continued on page 29)

b. Separately insured with or without a microfilm. (In the latter instance, much more insurance is required. We decided that three years' premiums would be so much greater without the protection afforded by a film that the film would pay for itself in that time).

Some of the per volume insurance values in Column 7, Table I, may appear high in comparison with some of the insurance values suggested by ALA, but consideration of two factors should modify this impression. First, one should compare the figures in Column 7, Table I, with the corresponding figures in Column 3, Table III, the latter being the present cost (after substantial discounts) of books purchased by this library. Secondly, there are many

valuable books standing on the general shelves of the Grosvenor Library which have been covered only by the sampling technique. In 1950 alone, we transferred twenty-five titles with a total value of \$3300.00 from our general collection to the Rare Book Room. This project, which has only been started, is continuing with equally impressive results.

Sequence of Tables

With this general introduction, it is hoped that the tables with their accompanying notes will be largely self-explanatory. It is suggested that Table I be read through Column 5; then Tables III and IV in their entirety; and finally, Columns 6-8 of Table I, and Table II.

Insurance Evaluation of a University Library's Collections

(Continued from page 23)

in which library property is located for the purpose of keeping waste paper, packing boxes, and other inflammables cleared out.

Conclusion

In insuring a university library's collections, the primary consideration is the securing of coverage which, in the event of the loss by fire of all or part of the holdings, would provide funds for the replacement of the items lost, at or close to present purchase costs. The rarities and other items of high monetary value should be given all-risk protection by being placed under a Fine Arts policy. To secure the maximum benefits which may be desired and to secure

them at the lowest premium rate which will be consistent with security, it is advisable to keep in close touch with a reputable, experienced insurance broker, agent, or firm. By so doing, helpful counsel will be assured during the planning stage, during the evaluation, and during the later months and years whenever problems connected with insurance arise.

The responsibility laid on the Librarian for computing the insurance values of the collections of a large library is heavy. However, with teamwork by the staff specialists in the various subject fields and with expert insurance counsel, a sound insurance program which will provide reasonable protection against all major risks can readily be worked out.