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1927

## Advertising that is advertising

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### Recommended Citation

Haskins & Sells Bulletin, Vol. 10, no. 04 (1927 April), p. 31-32

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pen." Eighty per cent of \$150,000 is \$120,000. Since the policy is for \$80,000 only, the insured is co-insurer for  $\frac{1}{3}$  and the company's liability is  $\frac{2}{3}$  of \$80,000, or \$53,333. The policyholder should keep the insurance in force commensurate with the total value of the property insured.

The same principle is applicable where the policy containing a co-insurance clause not only covers the property of the insured but that of others as well. To illustrate, a proprietor of a picture and picture framing establishment had a valuable stock of his own. He also had in his possession in storage, framed pictures and other valuable property belonging to customers. His policies covered his own property and that of his customers as well. Both were damaged by fire originating in a part of the building not occupied by him.

The sound value of his own property and the loss thereon were ascertained readily, but it was necessary to determine the value of and the loss on customers' goods. Some of his customers were reasonable in their claims as to the value of their destroyed property; others were not. The claims of the latter group augmented the total value of the property, thus reducing the proprietor's loss collectibility. As a result of this experience he wisely decided that thereafter his own property and the property of his customers should be covered by separate policies. Other instances could be cited in which proprietors have been the victims of their own

generosity either because the customers made unreasonable claims or the value of the customers' property happened to be unusually high at the time of the fire, reducing proportionately the amount recoverable on the loss suffered on the proprietors' stock.

Although co-insurance usually is considered in its relation to fire insurance, the use of the co-insurance clause is not restricted to this form of insurance. The principle of co-insurance is embodied in marine insurance the world over. It is used also in tornado, sprinkler and leakage, and other forms of insurance. Care should be taken to see that the stipulated percentage is applied to sound value of the total property insured and not to any other figure. For example, if the sound value is \$100,000, \$80,000 fire insurance will be required. Suppose tornado insurance is taken out on a 50% co-insurance basis, the amount required will be 50% of \$100,000, or \$50,000, and not 50% of the amount of fire insurance carried, or \$40,000—a mistake frequently made in practice.

Through misunderstanding the co-insurance clause may be a source of loss to the policyholder either through under-insurance or through unforeseen relationships under different policies resulting in complicated adjustments. In principle, however, the co-insurance clause is fair to both insurer and insured. It is indispensable in securing equity among all the policyholders.

### Advertising That is Advertising

**T**HE following incident is reprinted from *The Sabean* for April, 1923:

"An acquaintance went to a small florist shop upon request of his wife to purchase a plant. He lived in an apartment. Both he and his wife were city-bred and knew nothing about the proper care of plants. If all the plants they purchased had sur-

vived, a small greenhouse would have been required to house them.

"The florist asked, 'Do you live in a house or an apartment?' and on being told by my friend that it was the latter, he asked 'Do you have a porch?' The reply was in the negative.

"Then the florist surveyed his stock and

selected a hardy fern—certainly not the most expensive bit of plant life in the shop. In detail he explained to the prospective customer how to care for the fern, adding, 'If you do the things I tell you that fern will last you a year, perhaps two.'

"It was a sale. The man carried the fern home and repeated the instructions to his wife. The fern grew and grew, continually shooting out fresh fronds to replace the old ones that turned brown and crisp as the months passed. This fern, because of the florist's unsolicited advice, lived long beyond the promised period.

"Poor business for the florist, you say. If he'd kept his advice to himself perhaps he'd have sold three or four ferns in the same period of time.

"But while the fern was growing, so was the bank account of the chap who bought it. He was buying a home—with a porch—and with window boxes and a fine little yard which required some shrubbery and an English box hedge.

"He went back to the florist who sold him the fern in the apartment house days, rejecting bids from bigger florists and landscape gardeners who got his name from a new building list company. His order for the planting work was placed with the little florist who seemed to care more that a plant should thrive than that he would accomplish a certain turnover of stock. The check received in payment was around \$600.

"The acquaintance related this purely as an incident. The florist in going out of his way to explain the care of that fern was either building better than he actually knew or was shrewd enough to know he was practising a super salesmanship, by creating confidence, that must pay big dividends."

No mention is made in the above incident as to the different forms of advertising of which the small florist availed himself. Whether or not he had a budget providing an amount for paid advertising, there can be no doubt but that the type of

service which he was rendering contributed the most to the security of his future business. And is not this the only kind of advertising which is lasting? Advertising through good work is not only to be commended upon ethical principles, but it is the strongest foundation upon which the growth and continuity of a sound business may rest.

The florist also took into consideration the needs, environment, and the financial resources of his customer before making his selection. Perhaps the florist learned his lesson from plant life, where adaptation to a changing environment is essential to continued existence. That this principle is just as true in the industrial world is evident by watching one industry supersede another. The professional accountant also should adapt himself to the situation in hand, having due regard for the needs of the client, and being ever watchful that the client is receiving a maximum of efficient service for his money. Under such circumstances, there would be no need to worry about the future. The certainty of success would be as definite as the existence of the Rock of Gibraltar.

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### News Items

We have pleasure in announcing the appointment of Messrs. R. A. Gallagher, H. W. Welsch, F. J. Duncombe, and C. H. Lee as assistant managers of our Chicago office, effective March 1, 1927.

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Mr. J. R. Fincher, of our New York Thirty-ninth Street office, is to be congratulated upon his success in passing the C. P. A. examination of the State of New York.

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Mr. A. W. Koelbel, of our New York Thirty-ninth Street office, also is to be congratulated upon his success in passing the New York C. P. A. examination.