INSURANCE ON STATE-OWNED BUILDINGS

REPORT OF THE
VIRGINIA ADVISORY LEGISLATIVE COUNCIL
TO
THE GOVERNOR
AND
THE GENERAL ASSEMBLY OF VIRGINIA

HOUSE DOCUMENT 17

COMMONWEALTH OF VIRGINIA
Department of Purchases and Supply
Richmond
1962

MEMBERS OF COUNCIL

CHARLES K. HUTCHENS, Vice-Chairman

C. W. CLEATON

JOHN WARREN COOKE

JOHN H. DANIEL

CHARLES R. FENWICK

TOM N. FROST

J. D. HAGOOD

EDWARD M. HUDGINS

BALDWIN G. LOCHER

LEWIS A. McMURRAN, JR.

MOSBY G. PERROW, JR.

ARTHUR H. RICHARDSON

EDWARD E. WILLEY

STAFF

JOHN B. BOATWRIGHT, JR.

WILDMAN S. KINCHELOE, JR.

FLETCHER W. HARKRADER, JR.

G. M. LAPSLEY

INSURANCE ON STATE-OWNED BUILDINGS
A REPORT OF
THE VIRGINIA ADVISORY LEGISLATIVE COUNCIL

RICHMOND, VIRGINIA, January 9, **1962.**

To:

HONORABLE ALBERTIS S. HARRISON, JR., *Governor of Virginia*

and

THE GENERAL ASSEMBLY OF VIRGINIA

The State owns approximately 5,470 buildings and structures valued at more than $255,000,000; the contents are valued at more than $57,000,000. The value of the buildings and contents increases yearly due to new construction. These buildings are of different construction, having been erected over many years. Those buildings of recent construction are fire resistant, earlier ones are less so. The total average annual premium on buildings and their contents amounts to $286,557.

With this investment in structures and contents and the prospect of additions thereto, the General Assembly at its 1960 session directed that a study be made to investigate the possibility of effecting economies in the outlay on insurance premiums without impairing the protection presently afforded State properties. House Joint Resolution No. 93, set out below, directs the Virginia Advisory Legislative Council to make this study.

HOUSE JOINT RESOLUTION NO. 93

Directing the Virginia Advisory Legislative Council to study insurance on State-owned buildings.

Whereas, the State owns a large number of buildings which are located throughout the State; and

Whereas, the principle of spreading risk of loss among a large number of hazards distributed over a wide geographic area is a fundamental concept of insurance; now, therefore, be it

Resolved by the House of Delegates, the Senate concurring, That the Virginia Advisory Legislative Council is directed to make a study of the advisability of the State becoming self insured as to the risks insured against under fire and extended coverage insurance policies. In its study, the Council shall consider the number and value of buildings owned by the State, the insurance now carried thereon, the annual premium paid for such insurance, the average annual loss by reason of the perils insured against and the reserve that should be established in the event the State becomes self-insured.

The Council shall complete its study and make its report to the Governor and the General Assembly by December one, nineteen hundred sixty-one.

The Council assigned this study to C. W. Cleaton, a member of the Council and of the House of Delegates to serve as Chairman of the Committee to make the preliminary investigation and report. The following were selected to serve with Mr. Cleaton on the Committee: James G. Baldwin, Richmond; Herbert H. Goodman, Remington Rand Division of Sperry Rand Corporation, Arlington; C. R. Hoggard, Jr., Superintendent of Insurance, Seaboard Airline Railroad Company, Richmond; George H. Hill, Member of the House of Delegates, Newport News; Charles K. Hutchens, Member of the House of Delegates, Newport News; C. Harrison Mann, Jr., Member of the House of Delegates, Arlington; and Harold H. Purcell, Member of the State Senate, Louisa. Senator Purcell was elected Vice-Chairman of the Committee; John B. Boatwright, Jr., and Fletcher W. Harkrader, Jr., served as Secretary and Recording Secretary, respectively.

The Bureau of Property Records and Insurance of the Division of the Budget compiled material on the insurance coverage and value of present State properties. Information was gathered concerning the insurance practices of other states. A study was made of the insurance practices of certain large businesses. The Bureau of Property Records and Insurance working with the Bureau of Insurance compiled information on the savings which might be made through the utilization of various insurance plans. In order to get first hand information concerning the manner in which insurance is handled by the various institutions and agencies of the State, representatives from several institutions and agencies were invited to meet with the group and discuss their insurance practices. On July 25, 1961, a public hearing was conducted in Richmond.

The reports of the Bureau of Property Records and Insurance of the Division of the Budget showing value of insurance coverage and other data as to present State properties dated June 30, 1960, and the report on savings which could be effected over amounts now paid for insurance premiums for fire and/or extended coverage prepared by the Bureau of Property Records and Insurance in cooperation with the Bureau of Insurance, dated December 1, 1961, are attached as Appendices A and B, respectively.

The Committee concluded its deliberations and made its report to the Council. The Council has carefully reviewed the report of the Committee, and has reached the conclusions and offers the recommendations set out below:

CONCLUSIONS

There are problems involved in the insurance of State property other than the feasibility of the State becoming a self-insurer generally. The State is already a self-insurer on many of its properties. The State Highway Department has a successful self-insurance program for certain types of its properties.

The present practice is for the insuring of State properties to be left to the discretion of the various State institutions and department heads. This practice results in divergent insurance programs on coverage, non-coverage, high and low deductibles, etc. Insurance practices in some cases appear to be based on concern for responsibility for blame in the event of loss rather than soundness of insurance principles.

A program of self-insurance has immediate appeal as a solution to the problem and seems to offer the prospect of savings to the State. While it is both feasible and proper for the State to become a self-insurer, as do many industries with diversified risks, any program of self-insurance should be based on sound insurance principles, and provide for an adequate reserve fund to cover losses. Because of the present decentralized method of handling insurance and the consequent varying practices concerning insurance on State buildings, it is not now possible to determine the cost of an adequate and sound system of insuring State properties through insurance with private companies. Neither is it possible to determine actually how much money the State would save as a self-insurer, nor how much money should be placed in an insurance reserve fund in order to cover the State's many risks should the State become a self-insurer.

In those states where there is central insurance administration, essential information, now lacking in Virginia, is more readily available for study and action.

RECOMMENDATIONS

We recommend that the General Assembly authorize a substantial broadening of the authority of the Bureau of Property Records and Insurance so as to extend to that Bureau the power to supervise the amount, coverage, kind and placement of fire and extended coverage insurance throughout the State Government. The Bureau would study the advisability of various insurance plans including blanket coverage, non-coverage, a deductible program, etc.

Although final responsibility should be placed in the hands of the Bureau of Property Records and Insurance with respect to coverage, non-coverage and other provisions of policies, the placement of recommended insurance should be continued in the hands of the various State agencies.

In order to safeguard bond indentures and contractual requirements, the Bureau should have no power to alter in any way the insurance obligation of the various State agencies undertaken pursuant to bond indentures.

We recommend that the Governor appoint an Advisory Board of five persons experienced in the insurance, self-insurance, or engineering fields to advise the Bureau. This advice would be considered but would not necessarily be binding upon the Bureau.

To gain valuable experience, without committing the State to a full self-insurance program with its requirement of a large reserve fund, an Insurance Reserve Trust Fund should be created. This Fund would consist of the savings effected on account of the insurance coverage resulting from the suggested program. The savings on buildings existing as of January 1, 1961 would be computed on the basis of the difference between the previous cost of insurance and the cost under the suggested program. In computing the savings as to other structures, the basis would be the difference between the cost of insurance carried thereon and the cost of insuring the actual value thereof in full. This Fund would be used for the purpose of paying losses not covered by insurance, and administrative expenses of the Bureau of Property Records and Insurance, properly allocated to its insurance functions. The expenses of the Insurance Advisory Board should also be paid from this Fund.

If the savings achieved are as large as now appear, it is possible that this Insurance Reserve Trust Fund might grow to the extent that it could become the basis of a full self-insurance program if such is later deemed advisable.

Legislation necessary to carry out the foregoing recommendations is attached as Appendix C to this report.

ACKNOWLEDGMENTS

We express our thanks to all of those who assisted us in our work. We acknowledge our indebtedness to the members of the Committee for their contribution of their time, interest and knowledge to the completion of the study. We further wish to express our appreciation to the Bureau of Property Records and Insurance and the Bureau of Insurance of the State Corporation Commission for the valuable assistance which they rendered.

Respectfully submitted,

CHARLES K. HUTCHENS, Vice-Chairman

C. W. CLEATON

JOHN WARREN COOKE

JOHN H. DANIEL

CHARLES R. FENWICK

TOM N. FROST

J. D. HAGOOD

EDWARD M. HUDGINS

BALDWIN G. LOCHER

LEWIS A. McMURRAN, JR.

MOSBY G. PERROW, JR.

ARTHUR H. RICHARDSON

EDWARD E. WILLEY

APPENDIX A

DIVISION OF THE BUDGET
BUREAU OF PROPERTY RECORDS AND INSURANCE

SPECIAL REPORT COMPILED FOR THE VALC AS OF JUNE 30, 1960

INSTITUTIONS AND AGENCIES	NO. OF BLDGS AND STRUC	BUILDINGS AND STRUCTURES: INSURABLE VALUE	BUILDINGS AND STRUCTURES: INSURANCE COVERAGE: FIRE & LIGHT	%	BUILDINGS AND STRUCTURES: INSURANCE COVERAGE: EXTEND. COV.	CONTENTS: INSURABLE VALUE	CONTENTS: INSURANCE COVERAGE: FIRE & LIGHT	%	CONTENTS: INSURANCE COVERAGE: EXTEND. COV.	TOTAL AVERAGE ANNUAL PREMIUM	ANNUAL PREMIUM RATE: AV.	HI.	LO.	POL. TERM (YRS)	FIRE LOSSES 10 YEAR TOTAL
DEPT. AGRICUL. & IMMIGRATION															
Laboratories	9	$ 169,000	$ 152,000	90	$ 127,000	$ 32,100	$ 29,000	90	$ 20,000	$ 549	.19	1.6	.06	3	$ 4,783
Lime Plant, Staunton	9	34,000	31,100	90	31,100	5,500	5,000	90	5,000	233	.65	1.6	.07	3	16,000
Lime Plant, Appomattox	2	8,900	8,000	90	0	12,700	11,500	90	0	138	.71	2.1	.06	3	0
Uninsured Buildings	8	425	0	0	0	0	0	0	0	0				-	0
TOTAL FOR DEPARTMENT	28	$ 212,325	$ 191,100		$ 158,100	$ 50,300	$ 45,500		$ 25,000	$ 920					$ 20,783
A. B. C. BOARD	7	$ 1,660,000	$ 1,493,500	90	$ 1,493,500	$13,897,756	$13,897,756	100	$13,897,756	$ 29,563	.19	.25	.08	3	$ 1,756
DIVISION OF THE BUDGET															
Buildings and Grounds	33	$ 14,900,926	$ 12,621,190	85	$ 488,750	$ 673,779	$ 632,329	94	$ 0	$ 7,216	.06	3.6	.03	3	$ 4,855
Virginia World War II Memorial Commission	2	529,000	480,000	90	480,000	2,500	2,333	90	2,333	959	.20	1.0	.03	3	0
Engineering, Section of		0	0	0	0	29,000	27,000	90	0	61	.23	.23	.23	3	0
TOTAL FOR DIVISION	35	$ 15,429,926	$ 13,101,190		$ 968,750	$ 705,279	$ 661,662		$ 2,333	$ 8,236					$ 4,855
DEPT. OF CONSERVATION AND ECONOMIC DEVELOPMENT															
Forestry	23	$ 869,711	$ 439,500	51	$ 439,500	$ 0	$ 0	0	$ 0	$ 1,334	.30	.45	.08	1,3&5	$ 1,256
12 State Parks	76	480,000	445,500	93	435,001	2,230	2,000	90	0	2,364	.53	1.7	.07	1 & 3	0
12 State Parks (Uninsured)	34	(+)447,100	0	0	0	0	0	0	0	0					0
12 State Parks	233	Unknown	Blt. by CCC												
TOTAL FOR DEPARTMENT.	366	$ 1,796,811	$ 885,000		$ 874,501	$ 2,230	$ 2,000		$ 0	$ 3,698					$ 1,256
DEPARTMENT OF EDUCATION															
State Board of Education	1	$ 16,600	$ 15,000	90	$ 15,000	$ 1,600	$ 1,500	90	$ 1,500	$ 158	.95	.95	.95	3	$ 0
Longwood College	50	5,587,665	4,990,002	89	0	693,350	624,015	90	0	6,475	.12	.50	.05	5	150,000
Madison College	41	7,102,500	3,996,500	54	1,179,580	720,000	646,800	90	0	7,239	.16	.81	.06	1 & 5	2,601
Virginia School for the Deaf and the Blind	21	2,681,900	2,393,795	89	0	240,600	220,605	90	0	3,639	.14	.26	.06	5	695
Virginia State College															
Norfolk	9	2,195,000	1,975,000	90	1,975,000	355,000	325,000	90	325,000	2,800	.12	.58	.03	5	452
Petersburg	135	9,118,900	8,259,200	90	8,259,200	1,212,000	1,090,800	90	1,090,800	13,000	.14	.54	.03	5	24,600
Virginia State School	42	1,777,700	1,546,220	88	1,546,220	251,089	225,980	90	225,980	2,307	.13	1.3	.03	5	200
Woodrow Wilson Rehabilitation Center	58	1,158,900	728,000	63	0	58,000	51,000	88	0	1,897	.25	.43	.23	3	7,375
TOTAL FOR DEPARTMENT	357	$ 29,639,165	$ 23,903,717		$12,975,000	$ 3,531,639	$ 3,185,700		$ 1,643,280	$ 37,515					$185,923

APPENDIX A—Continued

DIVISION OF THE BUDGET
BUREAU OF PROPERTY RECORDS AND INSURANCE

SPECIAL REPORT COMPILED FOR THE VALC AS OF JUNE 30, 1960 SHEET NO. 2

INSTITUTIONS AND AGENCIES	NO. OF BLDGS AND STRUC	BUILDINGS AND STRUCTURES				CONTENTS				TOTAL AVERAGE ANNUAL PREMIUM	ANNUAL PREMIUM RATE			POL. TERM (YRS)	FIRE LOSSES 10 YEAR PERIOD
		INSURABLE VALUE	INSURANCE COVERAGE			INSURABLE VALUE	INSURANCE COVERAGE								
			FIRE & LIGHT	%	EXTEND. COV.		FIRE & LIGHT	%	EXTEND. COV.		AV.	HI.	LO.		
COMMISSION OF FISHERIES	1	$ 93,300	$ 84,000	90	$ 84,000	$ 17,500	$ 16,000	90	$ 16,000	$ 100	.10	.10	.10	3	$ 500
VA. FISHERIES LABORATORY	6	$ 228,000	$ 179,700	79	$ 179,700	$ 30,000	$ 27,300	90	$ 27,300	$ 400	.19	2.3	.07	3	$ 1,536
COMMISSION OF GAME AND INLAND FISHERIES	245	$ 584,606	$ 530,545	91	$ 530,545	$ 45,000	$ 40,455	90	$ 40,455	$ 2,455	.43	1.7	.06	3	$ 0
GUNSTON HALL	11	$ 212,150	$ 190,285	90	$ 0	$ 118,000	$ 107,663	90	$ 0	$ 790	.26	.26	.26	5	$ 0
DEPARTMENT OF HEALTH															
State Board of Health		$ 0	$ 0	0	$ 0	$ 105,000	$ 95,800	90	$ 50,500	$ 306	.32	.32	.32	1 & 3	$ 0
Blue Ridge Sanatorium	43	1,386,400	1,258,900	90	0	120,000	108,500	90	0	2,780	.23	.42	.06	3	0
Uninsured Buildings	15	21,910	0	0	0	0	0	0	0	0				-	0
Catawba Sanatorium	52	3,875,400	3,445,090	89	0	370,000	335,910	90	0	3,494	.10	.63	.07	5	300
Uninsured Buildings	15	19,000	0	0	0	0	0	0	0	0				-	0
Piedmont Sanatorium	33	1,934,774	1,865,283	96	113,300	97,000	87,691	90	0	2,508	.13	.64	.07	3 & 5	1,393
TOTAL FOR DEPARTMENT	158	$ 7,237,484	$ 6,569,273		$ 113,300	$ 692,000	$ 627,901		$ 50,500	$ 9,088					$ 1,693
DEPARTMENT OF HIGHWAYS															
Coleman Bridge	3	$ 49,000	$ 49,000	100	$ 49,000	$ 24,500	$ 0	0	$ 0	$ 199	.41	.41	.41	3	$ 0
Equipment Depot	8	2,300,000	2,050,500	90	0	0	0	0	0	3,322	.16	.16	.16	3	0
Hampton Rds. Tunnel Crossing	14	691,324	687,324	98	0	234,000	0	0	0	1,553	.23	.23	.23	3	0
James River Bridge System	4	110,000	110,000	100	110,000	42,500	0	0	0	416	.38	.38	.38	3	0
Rappahannock River Bridge	2	73,000	73,000	100	0	12,000	0	0	0	223	.30	.30	.30	3	0
Shop, Bartlett	1	20,000	20,000	100	0	10,230	9,250	90	0	289	1.0	1.0	1.0	3	0
Uninsured Buildings	1793	5,826,149	0	0	0	6,286,847	0	0	0	0					3,280
TOTAL FOR DEPARTMENT	1825	$ 9,069,473	$ 2,989,824		$ 159,000	$ 6,610,077	$ 9,250		$ 0	$ 6,002					$ 3,280
JAMESTOWN FESTIVAL PARK	17	$ 1,020,000	$ 918,900	90	$ 918,900	$ 152,000	$ 136,067	90	$ 0	$ 2,000	.19	.19	.19	1 & 3	$ 0
MEDICAL COLLEGE OF VIRGINIA															
College	15	$ 5,176,000	$ 4,259,800	85	$ 4,259,800	$ 710,000	$ 641,250	90	$ 641,250	$ 4,473	.09	1.9	.03	3	$ 0
Hospital	17	16,789,000	6,660,265	40	6,660,265	2,002,000	449,465	22	449,465	8,915	.12	1.6	.04	3	10,083
TOTAL FOR COLLEGE	32	$ 21,965,000	$ 10,920,065		$10,920,065	$ 2,712,000	$ 1,090,715		$ 1,090,715	$ 13,388					$ 10,083

APPENDIX A—Continued

DIVISION OF THE BUDGET
BUREAU OF PROPERTY RECORDS AND INSURANCE

SPECIAL REPORT COMPILED FOR THE VALC AS OF JUNE 30, 1960 SHEET NO. 3

INSTITUTIONS AND AGENCIES	NO. OF BLDGS AND STRUC	BUILDINGS AND STRUCTURES INSURABLE VALUE	BUILDINGS AND STRUCTURES INSURANCE COVERAGE FIRE & LIGHT	%	EXTEND. COV.	CONTENTS INSURABLE VALUE	CONTENTS INSURANCE COVERAGE FIRE & LIGHT	%	EXTEND. COV.	TOTAL AVERAGE ANNUAL PREMIUM	ANNUAL PREMIUM RATE AV.	HI.	LO.	POL. TERM (YRS)	FIRE LOSSES 10 YEAR PERIOD
DEPARTMENT OF MENTAL HYGIENE AND HOSPITALS															
Administration		$ 0	$ 0		$ 0	$ 61,000	$ 56,000	90	$ 56,000	$ 45	.08	.08	.08	5	$ 0
Central State Hospital	95	9,941,300	8,814,722	89	0	1,620,700	1,469,853	90	0	7,611	.07	.66	.04	5	10,795
DeJarnette St. Sanatorium	10	962,000	869,215	90	0	120,000	109,442	90	0	814	.08	.81	.05	5	100
Eastern State Hospital	104	11,674,000	9,231,986	80	0	840,000	752,067	90	0	6,463	.07	.90	.03	5	4,475
Lynchburg Trng.Sch.& Hosp.	67	7,757,135	6,986,564	90	0	1,331,300	1,189,287	90	0	5,713	.07	.47	.03	5	40,520
Petersburg Training School	30	407,000	349,425	85	0	167,000	151,000	90	0	370	.07	.09	.05	5	0
Southwestern St. Hospital	85	8,014,390	7,168,180	90	0	547,595	492,620	90	0	4,481	.06	.81	.04	5	3,438
Western State Hospital	87	9,200,000	8,201,685	90	0	1,620,815	1,462,048	90	0	8,870	.09	.61	.04	5	6,900
TOTAL FOR DEPARTMENT	478	$ 47,955,825	$ 41,621,777		$ 0	$ 6,308,410	$ 5,682,317		$ 56,000	$ 34,367					$ 66,628
DEPT. OF MILITARY AFFAIRS	128	$ 453,000	$ 409,300	90	$ 409,300	$ 11,000	$ 10,000	90	$ 10,000	$ 2,170	.52	.58	.24	3	$ 25,000
DIVISION OF MOTOR VEHICLES	4	$ 1,395,646	$ 1,238,500	90	$ 0	$ 125,000	$ 110,500	90	$ 0	$ 1,036	.08	.66	.05	3	$ 0
RECORDS MANAGEMENT		$ 0	$ 0	0	$ 0	$ 14,528	$ 10,007	72	$ 0	$ 104	.10	.10	.10	3	$ 0
DEPT. OF STATE POLICE	69	$ 1,500,000	$ 1,265,623	85	$ 1,265,623	$ 600,000	$ 546,255	90	$ 546,255	$ 4,535	.25	.51	.03	3	$ 0
STATE WATER CONTROL BOARD	2	$ 21,000	$ 19,000	90	$ 19,000	$ 83,884	$ 77,000	92	$ 77,000	$ 358	.37	.32	.32	1 & 3	$ 1,791
UNIVERSITY OF VIRGINIA															
Clinch Valley College	8	$ 776,912	$ 684,000	88	$ 94,500	$ 45,000	$ 41,000	90	$ 0	$ 1,350	.19	.68	.08	3 & 4	$ 0
University and Hospital Divisions	239	24,775,000	10,892,038	44	10,729,540	1,907,000	1,706,100	90	1,673,100	12,413	.10	2.6	.04	3 & 5	67,860
Mary Washington College	39	9,642,690	7,668,333	80	0	880,000	794,462	90	0	6,921	.09	.55	.05	5	8,437
TOTAL FOR UNIVERSITY	286	$ 35,194,602	$ 19,244,371		$10,824,040	$ 2,832,000	$ 2,541,562		$ 1,673,100	$ 20,684					$ 76,297
VIRGINIA COMMISSION FOR THE VISUALLY HANDICAPPED	4	$ 763,000	$ 712,997	95	$ 712,997	$ 413,000	$ 370,000	90	$ 370,000	$ 2,964	.27	2.2	.05	3	$ 0
VIRGINIA MILITARY INSTITUTE	72	$ 8,300,000	$ 7,082,070	65	$ 0	$ 945,000	$ 849,930	90	$ 0	$ 6,685	.09	.81	.07	5,3&1	$ 10,002
VA. MUSEUM OF FINE ARTS	7	$ 2,997,400	$ 2,974,296	98	$ 2,974,296	$ 3,705,087	$ 3,705,087	100	$ 0	$ 5,551	.09	.11	.07	3	$ 0

APPENDIX A—Continued

DIVISION OF THE BUDGET
BUREAU OF PROPERTY RECORDS AND INSURANCE

SPECIAL REPORT COMPILED FOR THE VALC AS OF JUNE 30, 1960 SHEET NO. 4

INSTITUTIONS AND AGENCIES	NO. OF BLDGS AND STRUC	BUILDINGS AND STRUCTURES				CONTENTS				TOTAL AVERAGE ANNUAL PREMIUM	ANNUAL PREMIUM RATE			POL. TERM (YRS)	FIRE LOSSES 10 YEAR PERIOD
		INSURABLE VALUE	INSURANCE COVERAGE			INSURABLE VALUE	INSURANCE COVERAGE								
			FIRE & LIGHT	%	EXTEND. COV.		FIRE & LIGHT	%	EXTEND. COV.		AV.	HI.	LO.		
VA. POLYTECHNIC INSTITUTE															
Institute	179	$ 20,955,150	$ 13,312,000	64	$ 0	$ 5,880,000	$ 5,288,000	90	$ 0	$ 21,140	.11	1.2	.03	3 & 5	$107,305
Radford College	20	6,650,000	4,657,345	70	4,657,345	573,000	518,955	90	518,955	3,410	.07	.12	.04	3,4&5	0
Uninsured Buildings	3	59,600	0	0	0	31,000	0	0	0	0					0
Virginia Agricultural Experiment Stations:															
Uninsured Buildings	22	80,500	0	0	0	0	0	0	0	0					0
Eastern Virginia Field	1	20,000	18,000	90	18,000	2,200	2,000	90	0	141	.70	1.1	.24	3	0
N. Va. Pasture Research	21	216,800	195,930	90	0	19,800	18,045	90	0	832	.39	.56	.32	5	0
Piedmont Field	4	32,500	13,000	40	0	0	0	0	0	70	.54	2.2	.45	3	0
Piedmont Fruit Research	2	34,400	15,000	44	12,000	2,200	2,000	90	2,000	68	.40	3.0	.34	3	0
Shenandoah Research	7	80,000	73,000	92	73,000	1,100	1,000	90	1,000	477	.64	2.3	.60	3	0
Southside Field	3	20,000	14,000	70	14,000	770	700	90	700	78	.54	.81	.06	1	0
Southwest Virginia Field	9	54,268	46,500	85	0	11,000	10,000	90	0	98	.18	.90	.15	3	0
Tidewater Research	6	140,365	98,565	70	86,700	30,800	23,800	90	16,800	435	.36	2.3	.01	3	0
Tobacco Disease Research	9	74,800	58,616	78	0	6,500	5,900	90	0	751	1.2	4.8	.29	1	0
Tobacco Research	4	38,047	25,000	66	0	4,000	3,655	90	0	154	.52	1.2	.41	1 & 3	0
Winchester Research Lab.	3	140,000	91,500	65	91,500	11,000	10,000	90	10,000	349	.35	1.7	.26	3	0
TOTAL FOR INSTITUTE	293	$ 28,596,430	$ 18,618,456		$ 4,952,545	$ 6,573,370	$ 5,884,055		$ 549,455	$ 28,003					$107,305
VA. TRUCK EXPERIMENT STATION															
Norfolk	17	$ 377,000	$ 337,404	90	$ 327,402	$ 27,000	$ 21,400	79	$ 21,400	$ 745	.22	2.2	.07	3	$ 200
Painter	6	184,000	169,000	93	169,000	16,500	15,000	90	15,000	357	.20	1.3	.12	5	0
TOTAL FOR STATION	23	$ 561,000	$ 506,404		$ 496,402	$ 43,500	$ 36,400		$ 36,400	$ 1,102					$ 200
DEPT. WELFARE & INSTITUTIONS															
Administration	2	$ 303,000	$ 272,000	90	$ 0	$ 128,000	$ 115,000	90	$ 0	$ 858	.22	.31	.03	3	$ 267
Beaumont School for Boys	74	1,640,000	1,461,283	90	0	168,700	163,717	90	0	5,469	.35	2.1	.06	3	4,919
Bland Correctional Farm	61	977,150	893,476	92	0	238,000	216,524	90	0	3,118	.28	3.1	.09	3	5,366
Lime Plant	1	27,000	24,700	90	0	0	0	0	0	224	.90	.90	.90	3	0
Bon Air School for Girls	33	891,080	791,754	89	0	127,000	117,246	90	0	1,758	.20	.72	.08	3	97
Hanover School for Boys	55	1,230,000	1,106,000	90	0	137,363	124,000	90	0	1,723	.14	.81	.04	3	40,459
Janie Porter Barrett School	30	810,000	730,674	90	0	71,000	64,326	90	0	1,251	.16	1.0	.05	3	52,542
Penitentiary & Ind. Dept.	17	4,102,000	3,654,791	90	0	1,860,000	1,741,709	90	0	4,857	.09	.33	.03	3	5,897

APPENDIX A—Continued

DIVISION OF THE BUDGET
BUREAU OF PROPERTY RECORDS AND INSURANCE

SPECIAL REPORT COMPILED FOR THE VALC AS OF JUNE 30, 1960 SHEET NO. 5

INSTITUTIONS AND AGENCIES	NO. OF BLDGS AND STRUC	BUILDINGS AND STRUCTURES				CONTENTS				TOTAL AVERAGE ANNUAL PREMIUM	ANNUAL PREMIUM RATE			POL. TERM (YRS)	FIRE LOSSES 10 YEAR PERIOD
		INSURABLE VALUE	INSURANCE COVERAGE			INSURABLE VALUE	INSURANCE COVERAGE								
			FIRE & LIGHT	%	EXTEND. COV.		FIRE & LIGHT	%	EXTEND. COV.		AV.	HI.	LO.		
DEPT. WELFARE & INSTITUTIONS, (CONTINUED)															
Southampton Prison Farm	119	$ 2,340,000	$ 2,098,911	90	$ 0	$ 312,000	$ 283,089	90	$ 0	$ 6,499	.32	4.9	.06	3	$ 6,213
State Farm for Men	188	6,400,000	5,727,670	90	0	960,000	872,330	90	0	14,667	.23	2.1	.05	3	33,127
St. Ind. Farm for Women	75	2,565,769	2,263,195	88	0	570,005	514,805	90	0	4,631	.17	.81	.07	3	10,423
State Road Force Camps:															
Central Office	3	115,000	99,311	90	0	126,000	113,689	90	0	427	.21	.23	.12	3	
Camp # 2 - Hanover	1	4,400	4,000	90	0	0	0	0	0	15	.36	.36	.36	3	
Camp # 4 - South Hill	1	3,850	3,500	90	0	0	0	0	0	13	.37	.37	.37	3	
Camp # 5 - Floyd County	8	245,250	219,859	89	0	23,375	23,141	96	0	534	.22	.57	.06	3	
Camp # 7 - White Post	17	259,450	232,284	90	0	38,000	34,716	90	0	316	.12	1.1	.09	3	
Camp # 8 - Lynnville	1	8,450	7,650	90	0	0	0	0	0	52	.68	.68	.68	3	
Camp #10 - Greenville	32	225,325	201,192	90	0	29,600	26,808	90	0	460	.20	1.0	.08	3	
Camp #11 - Culpeper	10	125,200	113,481	90	0	13,800	12,519	90	0	203	.17	1.2	.08	3	
Camp #12 - Troy	1	7,750	7,050	90	0	0	0	0	0	$4,878 37	.54	.54	.54	3	6,115
Camp #14 - Marion	1	11,500	10,000	90	0	0	0	0	0	74	.74	.74	.74	3	
Camp #15 - Chatham	30	244,400	219,509	90	0	35,500	32,491	90	0	522	.21	1.1	.08	3	
Camp #17 - Haynesville	18	17,810	15,193	85	0	13,000	11,807	90	0	181	.67	1.2	.49	3	
Camp #21 - Falmouth	16	237,000	213,234	90	0	19,400	17,766	90	0	271	.12	.82	.08	3	
Camp #22 - Norfolk	12	263,000	233,357	89	0	30,500	27,643	90	0	409	.17	.82	.08	3	
Camp #23 - Halifax	18	227,555	206,223	91	0	23,900	21,777	90	0	365	.16	1.5	.08	3	
Camp #27 - Church Road	27	233,900	209,243	89	0	30,400	27,757	90	0	656	.28	1.3	.08	3	
Camp #30 - Fairfax	19	244,050	218,726	90	0	29,900	27,274	90	0	343	.14	.82	.08	3	
Study Home for White Boys	11	64,250	55,661	86	0	25,600	23,339	90	0	264	.34	.65	.23	3	39
TOTAL FOR DEPARTMENT	881	$ 23,824,139	$ 21,293,927		$ 0	$ 5,011,043	$ 4,613,473		$ 0	$ 50,197					$165,425
COLLEGE OF WILLIAM AND MARY															
Norfolk Extension	17	$ 2,030,000	$ 1,835,833	90	$ 1,835,833	$ 570,500	$ 515,500	90	$ 515,500	$ 3,317	.14	.55	.07	3	$ 11,652
Richmond Prof. Institute	24	3,152,000	2,623,000	90	2,529,980	283,520	254,000	90	0	2,197	.08	.25	.05	5	5,774
Williamsburg	94	10,085,000	9,798,750	90	2,136,000	1,060,000	950,000	90	0	9,132	.09	1.5	.03	5	100,552
TOTAL FOR COLLEGE	135	$ 15,267,000	$ 14,257,583		$ 6,501,813	$ 1,914,020	$ 1,719,500		$ 515,500	$ 14,646					$117,978
GRAND TOTAL	* 5470	** $255,977,282	$191,201,403		$57,531,377	$57,143,623	$46,004,055		$20,627,049	$286,557					$801,950

*Insured Buildings........3347
Uninsured Buildings......2123

**Insurable Value of Insured Buildings........$249,522,598
Insurable Value of Uninsured Buildings...... 6,454,684

NOTE: Extended Coverage losses over the past 10 years amounted to $1,553 (Commission of Fisheries $ 53
Virginia State College $1,500)

APPENDIX B

COMMONWEALTH OF VIRGINIA
GOVERNOR'S OFFICE
DIVISION OF THE BUDGET

Richmond, December 1, 1961

Hon. John B. Boatwright, Jr.
Secretary
Virginia Advisory Legislative Council
State Capitol
Richmond, Virginia

Re: Self-insurance

Dear Mr. Boatwright:

In accordance with the resolution adopted by the Committee on Self-insurance on September 28, 1961, the Commissioner of Insurance assigned Mr. Shelton L. Lucas of his staff to work with Mr. Stewart R. Moore, of the Bureau of Property Records and Insurance, in developing for the Committee information concerning savings which could be effected over the amounts now paid for insurance premiums for fire and/or extended coverage on certain State-owned properties by each of the following plans:

Plan 1.

Use of a $50,000 Deductible on

(a) Per building basis

(b) Per Occurrence basis

Answer: Savings of $6,287 per year.

(b) Savings of $21,558 per year

Plan 2.

Under the Public and Institutional Property plan where feasible.

(Hereafter referred to as the PIP plan.)

Answer Savings of $6,287 per year.

Plan 3.

By insuring uniformly at 30% co-insurance on Triple-A construction, 80% on sprinklered risks and 50% on all other buildings.

Answer: Savings of $44,667 per year

Plan 4.

Carrying no insurance on buildings and contents valued at $25,000 or under.

Answer: Savings of $31,412 per year.

NOTE:

A. The over-all saving shown above by the four plans does not mean that the same plan will produce the greatest saving at each institution or agency. A breakdown of the saving at each institution or agency by the four plans is shown in the tabulation which follows. Some of the factors influencing the savings under the four plans are (a) the predominance of high valued triple-A construction, (b) the degree of protection by automatic sprinklers, (c) whether or not the institution or agency now has extended coverage, and (d) the predominance of low valued buildings.

B. Since the adoption of the PIP plan in Virginia on January 1, 1961, which grants considerable savings to eligible properties, generally 25% on fire and 40% on extended coverage, twenty-one of the institutions under study have switched from a blanket plan to the PIP plan at an over-all saving in fire premiums of approximately $43,752 per year. Two eligible institutions not presently under the PIP plan propose to change to this plan prior to the end of the year.

C. The following action was taken during this study: (a) Buildings of triple-A construction and sprinklered were treated as sprinklered for premium determination under Plan 3; (b) The study does not take into consideration insurance of an all-risk nature, scattered buildings insured specifically and not part of a schedule, nor possible dividends from Mutual insurers.

Each institution or agency embraced in this study is listed below in the order in which it appears in the State Budget. Answers to the foregoing questions as they apply to each individual institution or agency are listed by plan numbers in the same numerical order.

DIVISION OF THE BUDGET

Buildings and Grounds—Presently insured for $13,700,000 under the PIP plan for Fire only on a three (3) year basis at an average annual premium of $4,685.

Plan 1. (a) Comparable Cost........$4,154—Saving of $531 per year
(b) Comparable Cost........ 4,685—No Saving

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost........$3,910—Saving of $775 per year

Plan 4. Comparable Cost........$4,598—Saving of $ 87 per year

DEPARTMENT OF EDUCATION

Longwood College—Presently insured for $6,253,110 under the PIP plan for Fire only on a five (5) year basis at an average annual premium of $4,237.

Plan 1. (a) Comparable Cost........$2,944—Saving of $1,293 per year
(b) Comparable Cost........ 3,963—Saving of 274 per year

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost................$4,037—Saving of $ 200 per year

Plan 4. Comparable Cost................$3,869—Saving of $ 368 per year

Madison College—Presently insured for $7,712,640 under the PIP plan for Fire only on a five (5) year basis at an average annual premium of $6,380.

Plan 1. (a) Comparable Cost........$5,032—Saving of $1,348 per year
(b) Comparable Cost........ 6,380—No Saving

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost...............$4,958—Saving of $1,422 per year

Plan 4. Comparable Cost...............$6,053—Saving of $ 327 per year

Virginia School for the Deaf and the Blind—Presently insured for $3,013,000 under the PIP plan for Fire and Extended Coverage on a five (5) year basis at an average annual premium of $2,148.

Plan 1. (a) Comparable Cost........$1,725—Saving of $ 423 per year
(b) Comparable Cost........ 2,280—No Saving

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost...............$2,400—No Saving

Plan 4. Comparable Cost...............$2,095—Saving of $ 53 per year

Virginia State College

Norfolk—Presently insured for $3,000,000 under the PIP plan for Fire and Extended Coverage on a five (5) year basis at an average annual premium of $3,723.

Plan 1. (a) Comparable Cost........$3,410—Saving of $ 313 per year
(b) Comparable Cost........ 3,703—Saving of $ 20 per year

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost...............$2,980—Saving of $ 743 per year

Plan 4. Comparable Cost...............$3,654—Saving of $ 69 per year

Petersburg—Presently insured for $10,031,000 under the PIP plan for Fire and Extended Coverage on a five (5) year basis at an average annual premium of $9,153.

Plan 1. (a) Comparable Cost........$5,650—Saving of $3,503 per year
(b) Comparable Cost........ 9,600—No Saving

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost...............$8,784—Saving of $ 369 per year

Plan 4. Comparable Cost...............$2,376—Saving of $6,777 per year

Virginia State School—Presently insured for $1,846,000 under the PIP plan for Fire and Extended Coverage on a five (5) year basis at an average annual premium of $1,706.

Plan 1. (a) Comparable Cost........$ 920—Saving of $ 786 per year
(b) Comparable Cost........ 1,690—Saving of 16 per year

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost...............$1,785—No Saving

Plan 4. Comparable Cost...............$1,241—Saving of $ 465 per year

Woodrow Wilson Rehabilitation Center—Presently insured for $659,511 under a Schedule for Fire only on a three (3) year basis at an average annual premium of $1,670. On the schedule of insurance (which is about 50% of value), only one item is insured for more than $50,000 and only three items are insured for more than $25,000.

Plan 1. (a) Not feasible. Only one building involved with an annual premium of $42, but subject to a minimum premium of $500. Connecting corridors could result in the destruction of more than one building in the event of fire.
(b) Comparable Cost........$2,110—No Saving

Plan 2. Comparable Cost................$2,010—No Saving

Plan 3. Comparable Cost................$2,123—No Saving

Plan 4. Comparable Cost................$ 251—Saving of $1,350 per year

NOTE: The Co-insurance requirements of Plan 1, 2, and 3 necessitate the use of insurable values in the comparable cost computations.

DEPARTMENT OF HEALTH

Blue Ridge Sanatorium—Presently insured for $1,330,900 under a Schedule plan of 30% on AAA buildings and 100% on Other Property for Fire only on a three (3) year basis at an average annual premium of $2,383.

Plan 1. (a) Comparable Cost........$1,053—Saving of $1,330 per year
(b) Comparable Cost........ 1,864—Saving of 519 per year

Plan 2. Comparable Cost................$1,942—Saving of $ 401 per year

Plan 3. Comparable Cost................$1,442—Saving of $ 941 per year

Plan 4. Comparable Cost................$1,672—Saving of $ 711 per year

Catawba Sanatorium—Presently insured for $3,797,722 under the PIP plan for Fire only on a five (5) year basis at an average annual premium of $3,041.

Plan 1. (a) Comparable Cost........$1,661—Saving of $1,380 per year
(b) Comparable Cost........ 2,907—Saving of 134 per year

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost................$2,332—Saving of $ 709 per year

Plan 4. Comparable Cost................$2,461—Saving of $ 580 per year

Piedmont Sanatorium—Presently insured for $1,992,420 under a Blanket plan for Fire only on a five (5) year basis but with a number of specific policies written for either three (3) or five (5) years, all with an average annual premium of $1,962. (Several of the specific insurance policies were written with extended coverage endorsement; however, since the premium involved is very small it is being disregarded in this study.)

Plan 1. (a) Comparable Cost........$ 417—Saving of $1,545 per year
(b) Comparable Cost........ 1,360—Saving of 602 per year

Plan 2. Comparable Cost................$1,410—Saving of $ 552 per year

Plan 3. Comparable Cost................$1,200—Saving of $ 762 per year

Plan 4. Comparable Cost................$1,465—Saving of $ 497 per year

MEDICAL COLLEGE OF VIRGINIA

College Division—Presently insured for $7,440,000 under the PIP plan for Fire and Extended Coverage on a three (3) year basis at an average annual premium of $4,017.

Plan 1. (a) Comparable Cost........$3,530—Saving of $ 487 per year
(b) Comparable Cost........ 4,250—No Saving

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost................$3,760—Saving of $ 257 per year

Plan 4. Comparable Cost................$3,950—Saving of $ 67 per year

Hospital Division—Presently insured for $18,000,000 under the PIP plan for Fire and Extended Coverage on a three (3) year basis at an average annual premium of $9,882.

Plan 1. (a) Comparable Cost........$9,850—Saving of $ 32 per year
(b) Comparable Cost........10,340—No Saving

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost................$8,410—Saving of $1,472 per year

Plan 4. Comparable Cost................$9,795—Saving of $ 87 per year

DEPARTMENT OF MENTAL HYGIENE AND HOSPITALS

Central State Hospital—Presently insured for $13,361,130 under the PIP plan for Fire only on a five (5) year basis at an average annual premium of $5,880.

Plan 1. (a) Comparable Cost........$4,352—Saving of $1,528 per year
(b) Comparable Cost........ 6,115—No Saving

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost................$5,335—Saving of $ 545 per year

Plan 4. Comparable Cost................$5,310—Saving of $ 570 per year

Eastern State Hospital—Presently insured for $9,519,100 under the PIP plan for Fire only on a five (5) year basis at an average annual premium of $4,104.

Plan 1. (a) Comparable Cost........$2,777—Saving of $1,327 per year
(b) Comparable Cost........ 4,104—No Saving

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost................$3,311—Saving of $ 793 per year

Plan 4. Comparable Cost................$3,818—Saving of $ 286 per year

Lynchburg Training School and Hospital—Presently insured for $9,486,-800 under the PIP plan for Fire only on a five (5) year basis at an average annual premium of $4,610.

Plan 1. (a) Comparable Cost........$3,203—Saving of $1,407 per year
(b) Comparable Cost........ 4,507—Saving of 103 per year

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost................$3,667—Saving of $ 943 per year

Plan 4. Comparable Cost................$4,182—Saving of $ 428 per year

Petersburg Training School—Presently insured for $1,476,400 under the PIP plan for Fire only on a five (5) year basis at an average annual premium of $1,325.

Plan 1. (a) Comparable Cost........$1,054—Saving of $ 271 per year
(b) Comparable Cost........ 1,325—No Saving

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost................$1,010—Saving of $ 315 per year

Plan 4. Comparable Cost................$1,291—Saving of $ 34 per year

Southwestern State Hospital—Presently insured for $8,390,000 under the PIP plan for Fire only on a five (5) year basis at an average annual premium of $4,078.

Plan 1. (a) Comparable Cost........$2,340—Saving of $1,738 per year
(b) Comparable Cost........ 3,915—Saving of 163 per year

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost................$3,320—Saving of $ 758 per year

Plan 4. Comparable Cost................$3,528—Saving of $ 550 per year

Western State Hospital and DeJarnette State Sanatorium—Presently insured for $12,201,000 under the PIP plan for Fire only on a five (5) year basis at an average annual premium of $6,999.

Plan 1. (a) Comparable Cost........$5,635—Saving of $1,364 per year
(b) Comparable Cost........ 6,979—Saving of $ 20 per year

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost................$6,573—Saving of $ 426 per year

Plan 4. Comparable Cost................$5,990—Saving of $1,009 per year

NOTE: Percentage of above insurance as follows:
Western State Hospital...............................92.97%
DeJarnette State Sanatorium...................... 7.03%

UNIVERSITY OF VIRGINIA

Clinch Valley College—Presently insured for a total of $725,000. School items are on a Schedule written for Fire only on a four (4) year basis. Country property is specifically insured for three (3) years and covers Fire and Extended Coverage. (Extended Coverage premium disregarded.) Present annual premium on Fire insurance is $1,742.

Plan 1. (a) Comparable Cost........$ 600—Saving of $1,142 per year
(b) Comparable Cost........ 1,370—Saving of 372 per year

Plan 2. Comparable Cost................$1,099—Saving of $ 643 per year

Plan 3. Comparable Cost................$1,230—Saving of $ 512 per year

Plan 4. Comparable Cost................$1,720—Saving of $ 22 per year

University and Hospital Divisions—Presently insured for $15,929,132 under a Schedule plan on AAA buildings at 30%; sprinklered buildings at 90%; and all others at 50%, on a three (3) year basis for Fire only at an average annual premium of $19,364.

Plan 1. (a) Comparable Cost......$16,470—Saving of $2,894 per year
(b) Comparable Cost...... 23,370—No saving

Plan 2. Comparable Cost.............$24,269—No saving

Plan 3. Comparable Cost.............$19,302—Saving of $ 62 per year

Plan 4. Comparable Cost.............$17,834—Saving of $1,530 per year

Mary Washington College—Presently insured for $10,837,095 under the PIP plan for Fire only on a five (5) year basis at an average annual premium of $5,626.

Plan 1. (a) Comparable Cost........$2,667—Saving of $2,959 per year
(b) Comparable Cost........ 5,911—No saving

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost................$4,458—Saving of $1,168 per year

Plan 4. Comparable Cost................$5,502—Saving of $ 124 per year

VIRGINIA MILITARY INSTITUTE—Presently insured for $8,266,500 under a Schedule plan on AAA buildings at 60% co-insurance, and Blanket at 90% co-insurance on all other buildings and on contents of all buildings for Fire only on a five (5) year basis at an average annual premium of $6,020.

Plan 1. (a) Comparable Cost........$3,670—Saving of $2,350 per year
(b) Comparable Cost........ 4,945—Saving of 1,075 per year

Plan 2. Comparable Cost................$5,515—Saving of $ 505 per year

Plan 3. Comparable Cost................$3,835—Saving of $2,185 per year

Plan 4. Comparable Cost................$5,550—Saving of $ 470 per year

VIRGINIA POLYTECHNIC INSTITUTE

Institute—Presently insured for $25,824,321 with Blanket plan on buildings written for three (3) years for Fire only, and Reporting Form No. 1 written for three (3) years with annual premium adjustment for Fire and Extended Coverage (Extended Coverage disregarded in study). The annual average premium is $21,884.

Plan 1. (a) Comparable Cost....$10,682—Saving of $11,202 per year
(b) Comparable Cost.... 17,268—Saving of 4,616 per year

Plan 2. Comparable Cost............$17,698—Saving of $ 4,186 per year

Plan 3. Comparable Cost............$13,560—Saving of $ 8,324 per year

Plan 4. Comparable Cost............$19,314—Saving of $ 2,570 per year

Radford College—Presently insured for $6,182,000 under the PIP plan for Fire and Extended Coverage on a five (5) year basis at an average annual premium of $4,515.

Plan 1. (a) Comparable Cost........$3,960—Saving of $ 555 per year
(b) Comparable Cost........ 4,830—No saving

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost................$3,937—Saving of $ 578 per year

Plan 4. Comparable Cost................$4,251—Saving of $ 264 per year

DEPARTMENT OF WELFARE AND INSTITUTIONS

Beaumont School for Boys—Presently insured for $1,640,000 under a Blanket plan for Fire only on a three (3) year basis at an average annual premium of $5,089.

Plan 1. (a) Comparable Cost........$2,186—Saving of $2,903 per year
(b) Comparable Cost........ 3,690—Saving of 1,399 per year

Plan 2. Not eligible for the PIP plan.

Plan 3. Comparable Cost................$2,794—Saving of $2,295 per year

Plan 4. Comparable Cost................$3,997—Saving of $1,112 per year

Bland Correctional Farm—Presently insured for $1,311,000 under a Blanket plan for Fire only on a three (3) year basis at an average annual premium of $3,692.

Plan 1. (a) Comparable Cost........$ 780—Saving of $2,912 per year
(b) Comparable Cost........ 2,620—Saving of 1,072 per year

Plan 2. Not eligible for the PIP plan.

Plan 3. Comparable Cost................$1,910—Saving of $1,782 per year

Plan 4. Comparable Cost................$2,417—Saving of $1,275 per year

Bon Air School for Girls—Presently insured for $1,011,000 under a Blanket Plan for Fire only on a three (3) year basis at an average annual premium of $1,456.

Plan 1. (a) Comparable Cost........$ 490—Saving of $ 966 per year
(b) Comparable Cost........ 1,037—Saving of 419 per year

Plan 2. Not eligible for the PIP plan.

Plan 3. Comparable Cost................$ 951—Saving of $ 505 per year

Plan 4. Comparable Cost................$1,156—Saving of $ 300 per year

Hanover School for Boys—Presently insured for $1,251,000 under a Blanket plan for Fire only on a three (3) year basis at an average annual premium of $1,801.

Plan 1. (a) Comparable Cost........$ 258—Saving of $1,543 per year
(b) Comparable Cost........ 1,280—Saving of 521 per year

Plan 2. Not eligible for the PIP plan.

Plan 3. Comparable Cost................$ 990—Saving of $ 811 per year

Plan 4. Comparable Cost................$ 720—Saving of $1,081 per year

Janie Porter Barrett School for Girls—Presently insured for $792,000 under a Blanket plan for Fire only on a three (3) year basis at an average annual premium of $1,212.

Plan 1. (a) Comparable Cost........$ 167—Saving of $1,045 per year
(b) Comparable Cost........ 897—Saving of 315 per year

Plan 2. Not eligible for the PIP plan.

Plan 3. Comparable Cost................$ 667—Saving of $ 545 per year

Plan 4. Comparable Cost................$ 840—Saving of $ 372 per year

Penitentiary and Industrial Department—Presently insured for $5,406,000 under a Blanket plan for Fire only on a three (3) year basis at an average annual premium of $8,271.

Plan 1. (a) Comparable Cost........$5,401—Saving of $2,841 per year
(b) Comparable Cost........ 5,870—Saving of 2,401 per year

Plan 2. Not eligible for the PIP plan.

Plan 3. Comparable Cost................$6,870—Saving of $1,401 per year

Plan 4. Comparable Cost................$8,223—Saving of $ 48 per year

Southampton Prison Farm—Presently insured for $2,580,000 under a Blanket plan for Fire only on a three (3) year basis at an average annual premium of $6,940.

Plan 1. (a) Comparable Cost........$1,593—Saving of $5,347 per year
(b) Comparable Cost........ 4,730—Saving of 2,210 per year

Plan 2. Not eligible for the PIP plan.

Plan 3. Comparable Cost................$3,534—Saving of $3,406 per year

Plan 4. Comparable Cost................$4,733—Saving of $2,207 per year

State Farm for Men—Presently insured for $6,130,000 under a Blanket plan for Fire only on a three (3) year basis at an average annual premium of $13,466.

Plan 1. (a) Comparable Cost........$5,163—Saving of $8,303 per year
(b) Comparable Cost........ 9,544—Saving of 3,922 per year

Plan 2. Not eligible for the PIP plan.

Plan 3. Comparable Cost................$7,700—Saving of $5,766 per year

Plan 4. Comparable Cost................$9,974—Saving of $3,492 per year

State Industrial Farm for Women—Presently insured for $2,811,000 under a Blanket plan for Fire only on a three (3) year basis at an average annual premium of $4,657.

Plan 1. (a) Comparable Cost........$2,154—Saving of $2,503 per year
(b) Comparable Cost........ 3,314—Saving of 1,343 per year

Plan 2. Not eligible for the PIP plan.

Plan 3. Comparable Cost................$2,538—Saving of $2,119 per year

Plan 4. Comparable Cost................$4,067—Saving of $ 590 per year

Study Home for Boys—Presently insured for $79,000 under a Blanket plan for Fire only on a three (3) year basis at an average annual premium of $261.

Plan 1. (a) Not adaptable—No building over $50,000
(b) Not adaptable—Premium below minimum

Plan 2. Not eligible for the PIP plan.

Plan 3. Comparable Cost................$ 100—Saving of $ 161 per year

Plan 4. Comparable Cost................$ 114—Saving of $ 147 per year

COLLEGES OF WILLIAM AND MARY

The Norfolk College—Presently insured for $3,743,000 under the PIP plan for Fire and Extended Coverage on a three (3) year basis at an average annual premium of $3,220.

Plan 1. (a) Comparable Cost........$2,005—Saving of $1,215 per year
(b) Comparable Cost........ 3,290—No saving

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost................$2,800—Saving of $ 420 per year

Plan 4. Comparable Cost................$3,103—Saving of $ 117 per year

Richmond Professional Institute—Presently insured for $3,155,000 under the PIP plan for Fire and Extended Coverage on a five (5) year basis at an average annual premium of $2,526.

Plan 1. (a) Comparable Cost........$1,642—Saving of $ 884 per year
(b) Comparable Cost........ 2,610—No saving

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost................$2,850—No Saving.

Plan 4. Comparable Cost................$2,478—Saving of $ 48 per year

College of William and Mary—Presently insured for $12,665,000 under the PIP plan for Fire and Extended Coverage on a five (5) year basis at an average annual premium of $10,253.

Plan 1. (a) Comparable Cost........$7,268—Saving of $2,985 per year
(b) Comparable Cost........10,211—Saving of 42 per year

Plan 2. Presently insured under this plan.

Plan 3. Comparable Cost................$9,056—Saving of $1,197 per year

Plan 4. Comparable Cost................$8,925—Saving of $1,328 per year

The study is based on status of all properties as of November **1, 1961.** This material is being supplied in twelve copies, as requested.

Sincerely yours,

L. M. KUHN

SUMMARY

Institution or Agency	Form of Insurance	Present Coverage	Present Annual Premium	Annual Saving Under Plan				
				1(a)	1(b)	2	3	4
Division of Budget								
Bldgs. & Grounds	PIP	Fire	$ 4,685	$ 531	None	On PIP	$ 775	$ 87
Dept. of Education								
Longwood College	PIP	Fire	4,237	1,293	$ 274	On PIP	200	368
Madison College	PIP	Fire	6,380	1,348	None	On PIP	1,422	327
Va. Sch. D & B	PIP	F&EC	2,148	423	None	On PIP	None	53
Va. State Coll.								
Norfolk	PIP	F&EC	3,723	313	20	On PIP	743	69
Petersburg	PIP	F&EC	9,153	3,503	None	On PIP	369	6,777
Va. State Schl.	PIP	F&EC	1,706	786	16	On PIP	None	465
W. W. Rehab. Cen.	SCHED	Fire	1,670	*	None	None	None	1,350
Dept. of Health								
Blue Ridge Sana.	SCHED	Fire	2,383	1,330	519	$ 401	941	711
Catawba Sana.	PIP	Fire	3,041	1,380	134	On PIP	709	580
Piedmont Sana.	**	Fire	1,962	1,545	602	552	762	497
Medical College of Virginia								
College	PIP	F&EC	4,017	487	None	On PIP	257	67
Hospital	PIP	F&EC	9,882	32	None	On PIP	1,472	87
Dept. Mental Hygiene & Hosp.								
Central St. Hosp.	PIP	Fire	5,880	1,528	None	On PIP	545	570
Eastern St. Hosp.	PIP	Fire	4,104	1,327	None	On PIP	793	286
Lyn.Trn.Sc. & Hosp.	PIP	Fire	4,610	1,407	103	On PIP	943	428
Petrsbg. Trn.Sch.	PIP	Fire	1,325	271	None	On PIP	315	34
S. W. State Hosp.	PIP	Fire	4,078	1,738	163	On PIP	758	550
W. St. & DeJarnette	PIP	Fire	6,999	1,364	20	On PIP	426	1,009
University of Va.								
Clinch Val. Coll.	***	Fire	1,742	1,142	372	643	512	22
Univ. & Hospital	SCHED	Fire	19,364	2,894	None	None	62	1,530
Mary Wash. Coll.	PIP	Fire	5,626	2,959	None	On PIP	1,168	124
V. M. I.	****	Fire	6,020	2,350	1,075	505	2,185	470
V. P. I.								
Institute	*****	F&EC	21,884	11,202	4,616	4,186	8,324	2,570
Radford College	PIP	F&EC	4,515	555	None	On PIP	578	264
Dept. Welfare & Institutions								
Beaumont School	BLANK	Fire	5,089	2,903	1,399	******	2,295	1,112
Bland Corr. Farm	BLANK	Fire	3,692	2,912	1,072	******	1,782	1,275
Bon Air School	BLANK	Fire	1,456	966	419	******	505	300
Hanover School	BLANK	Fire	1,801	1,543	521	******	811	1,081
Janie P. Barrett	BLANK	Fire	1,212	1,045	315	******	545	372
Peni. & Ind. Dept.	BLANK	Fire	8,271	2,841	2,401	******	1,401	48
Southampton Farm	BLANK	Fire	6,940	5,347	2,210	******	3,406	2,207
St. Farm forMen	BLANK	Fire	13,466	8,303	3,922	******	5,766	3,492
St. Ind. Frm.Women	BLANK	Fire	4,657	2,503	1,343	******	2,119	590
Study Home/Boys	BLANK	Fire	261	None	*	******	161	147
Colleges of William & Mary								
Norfolk College	PIP	F&EC	3,220	1,215	None	On PIP	420	117
R. P. I.	PIP	F&EC	2,526	884	None	On PIP	None	48
Williamsburg	PIP	F&EC	10,253	2,985	42	On PIP	1,197	1,328
TOTALS			$203,978	$75,155	$21,558	$6,287	$44,667	$31,412

* Below $500 Minimum
** Blanket and Specific
*** Schedule and Specific
**** Schedule and Blanket
***** Blanket and Reporting
****** Not Eligible for PIP Plan

APPENDIX C

A BILL to amend the Code of Virginia by adding in Chapter 8 of Title 2, an article numbered 3 consisting of sections 2-77.10, 2-77.11 and 2-77.12, which article relates to property records and insurance, and which sections relate, respectively, to the Bureau of Property Records and Insurance, to the Insurance Advisory Board, its creation, powers and duties; and to the Insurance Reserve Trust Fund, its creation, and terms and conditions of administration thereof; and to repeal § 2-66.1 of the Code of Virginia, relating to the Bureau of Property Records and Insurance.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia be amended by adding in Chapter 8 of Title 2, an article numbered 3 consisting of sections numbered 2-77.10, 2-77.11 and 2-77.12, as follows:

ARTICLE 3

Property Records and Insurance

§ 2-77.10. (a) The Bureau of Property Records and Insurance, heretofore created within the Division of the Budget and under the supervision of the Director thereof, is continued. The Bureau shall establish and maintain a permanent file showing the date and cost of construction of State-owned buildings and contents (hereinafter inclusively referred to as buildings), and the replacement value thereof and the amount of fire and extended coverage insurance thereon.

(b) The Governor shall appoint a person who is familiar with property insurance and its application to be Administrator of the Bureau. Nevertheless, any person in charge of the Bureau heretofore appointed pursuant to § 2-66.1 and in office on the effective date of this act shall be deemed to have been appointed Administrator hereunder. It shall be the duty of the Administrator to supervise and keep the information and records required by this section; to confer with the proper officials or employees of the several agencies of the State and determine for them the insurance coverages which shall be carried on or with respect to building properties, and the contents thereof, under their control; and to determine the manner, including insurance coverage subject to deductible provisions as approved for use in the State, whereby savings in the cost of such insurance may be made. He shall seek the assistance of insurance companies, and their represenetatives, the Chief Fire Marshal of the State and the Insurance Advisory Board in devising means by which hazards may be reduced or eliminated to the end that the lowest possible insurance costs may obtain with respect to State-owned buildings and their contents.

The Bureau shall have no power to alter in any way the insurance obligations of the various State agencies undertaken pursuant to bond indentures and other contractual requirements.

The Administrator shall not have the authority to place or to recommend that insurance which is or may be carried by the several agencies of the State on the properties under their control, be placed with any particular insurance agency or agencies, but he shall have final responsibility with respect to coverage, non-coverage, provisions of policies, quantity, and type of fire and extended coverage insurance. He shall take into consideration the recommendations of the Insurance Advisory Board in determining insurance to be required.

Whenever practical and economical to do so, the several agencies of the State shall place the insurance to be carried on the properties under their control with insurance agents whose principal offices are located within reasonable proximity to the properties to be insured.

(c) All agencies of the State shall furnish the Bureau on or before July one, nineteen hundred sixty-two, with information showing the types and amounts of fire and extended coverage insurance on buildings under their jurisdiction and control as of January one, nineteen hundred sixty one, the premium thereon, the dates when such insurance will expire and such other information concerning such buildings as the Bureau may require. The Bureau shall notify each agency, at least thirty days in advance of the date of expiration of the insurance on any property of the date of such expiration and any modification required; not more than thirty days after such date each agency shall notify the Bureau of the type of insurance effected thereon and the amount and premium thereof. For the purpose of determining the amount each agency, department, division or institution of the State government having jurisdiction and control over State structures and their contents shall pay into the Insurance Reserve Trust Fund, the Bureau shall determine the saving in insurance by said agencies, departments, divisions or institutions on the following basis: As to structures existing on January one, nineteen hundred sixty-one, the insurance saving will be the saving in insurance made over insurance costs prior to that date on such structures. As to structures coming into existence after January one, nineteen hundred sixty-one, the saving will be the difference between the cost of the actual coverage carried by the State on such structures and the cost of insuring the actual value of said structures.

§ 2-77.11. The Insurance Advisory Board is hereby created as an agency of the Commonwealth. The Board shall consist of five members who shall be qualified by their experience in the fields of insurance, self-insurance or engineering. They shall be appointed by the Governor.

The first appointed members shall be appointed as follows: One for a term of five years, one for a term of four years, one for a term of three years, one for a term of two years, and one for a term of one year. Succeeding appointments shall be for terms of five years each but other vacancies shall be filled by appointment for the unexpired term.

The Board shall annually select a chairman from its membership. The Board shall meet at least once every six months; other meetings may be held upon call of the chairman or the Administrator of the Bureau of Property Records and Insurance or any three members of the Board. Three members of the Board shall constitute a quorum. Members of the Board shall receive a per diem of ten dollars for each day or portion thereof on which they are engaged upon business of the Board. All members shall receive their necessary expenses incurred in attendance upon meetings or otherwise incurred in the performance of their duties.

The Board shall study and investigate all phases of fire and extended coverage insurance, the advisability of blanket coverage, non-coverage, deductible program, the rate credit entitlement of the State due to diversity of risk and any other aspects of fire and extended coverage insurance which might lead to a more favorable insurance coverage of State property.

The Board shall advise the Bureau of Property Records and Insurance as to policies, the application of which would be in the best interest of the State. The Board's recommendations shall be considered by, but shall not be binding upon, the Bureau of Property Records and Insurance.

No member of the Board shall participate, directly or indirectly, in the consideration of the insurance to be effected upon any property when such property is insured by or through an insurance agency in which such member has any interest of whatsoever nature.

§ 2-77.12. (a) Each agency, department, division, or institution of the State government having jurisdiction and control over any State structure and contents thereof shall pay into the fund hereinafter created an amount equivalent to its saving in insurance as determined by the Bureau of Property Records and Insurance under the formula set out in § 2-77.10, and such amount shall be paid in such installments as the Administrator of the Bureau of Property Records and Insurance may require. Whenever any building or structure is under the control of two or more agencies, departments, divisions or institutions of the State, the payment required herein shall be prorated upon the basis of percentage of the area controlled.

(b) There is hereby established and created in the State Treasury the State Insurance Reserve Trust Fund. Such Fund shall consist of the payments required in paragraph (a) of this section. Such Fund shall be under the management and control of the Director of the Budget, and any claims for losses payable out of such Fund shall be at the direction of the Director of the Budget. Such Fund shall be invested in the manner provided for in § 2-154.1 of the Code of Virginia.

(c) In the case of uninsured loss by fire or other peril, the Director of the Budget shall determine the amount payable out of the Fund and such determination, when approved by the Governor, shall be final. The amount payable, subject to the control of the Director of the Budget, with respect to the allocation and expenditure of capital outlays, shall be used for the purpose of restoring the damaged structure, or rebuilding the same, as the circumstances may require, but in no event shall the amount payable on account of such loss exceed the maximum amount of the insurable value of the property, nor shall the amount payable when added to the insurance recovered exceed the maximum amount of the insurable value of the property, as determined by the Bureau of Property Records and Insurance.

(d) The administrative cost of operating the Bureau of Property Records and Insurance which are properly allocated to its insurance functions and the cost of operating the Insurance Advisory Board shall be paid out of the State Insurance Reserve Trust Fund.

2. That § 2-66.1 of the Code of Virginia is repealed.