

**INSURANCE COVERAGE ON PROPERTY IN COASTAL,  
RIVER AND LAKE AREAS**

**REPORT OF THE  
VIRGINIA ADVISORY LEGISLATIVE COUNCIL  
To  
THE GOVERNOR  
And  
THE GENERAL ASSEMBLY OF VIRGINIA**



COMMONWEALTH OF VIRGINIA  
Department of Purchases and Supply  
Richmond  
1970



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# **INSURANCE COVERAGE ON PROPERTY IN COASTAL, RIVER AND LAKE AREAS**

## **REPORT OF THE VIRGINIA ADVISORY LEGISLATIVE COUNCIL**

Richmond, Virginia  
December 8, 1970

To:

HONORABLE LINWOOD HOLTON, *Governor of Virginia*

and

THE GENERAL ASSEMBLY OF VIRGINIA

Its attention having been specifically directed to the difficulty experienced by owners of property in the coastal, river and lake areas of the State in obtaining adequate insurance coverage thereon, and in view of the increasing amount of construction in such areas, the General Assembly of Virginia at its 1970 Regular Session adopted Senate Joint Resolution No. 18 directing the Virginia Advisory Legislative Council to study this problem and make recommendations for a program to alleviate these difficulties. The text of this Resolution follows:

### **SENATE JOINT RESOLUTION NO. 18**

Directing the Virginia Advisory Legislative Council to study the problem of providing adequate insurance coverage to owners of property in the coastal areas of the State.

Whereas, insurance coverage of properties located in the coastal, river and lake areas of the State is a problem for insurance agents, insurance companies and property owners; and

Whereas, the problem is aggravated when hurricanes or other severe storms cause damage resulting in serious losses to insurance companies and to uninsured or partially insured property owners; and

Whereas, insurance on coastal, river and lake property may be unobtainable either because insurance companies refuse to insure such property or refuse to become too heavily involved in such property; and

Whereas, the rapid construction in these areas and the inflation of values increase the problem; now, therefore, be it

Resolved by the Senate, the House of Delegates concurring, That the Virginia Advisory Legislative Council is directed to make a study and report on the problem of providing adequate insurance to owners of property in the coastal, river and lake areas of the State and its recommendations for a program to provide fairly and adequately for such insurance.

All agencies of the State and the governing bodies of all political subdivisions of the State shall cooperate with and assist the Council upon request.

The Council shall conclude its study and make its report to the Governor and the General Assembly no later than November one, nineteen hundred seventy-one.

The Council selected M. Caldwell Butler of the City of Roanoke, a member of the House of Delegates and a member of the Council, as Chairman of a Committee to make the initial study and report to it. Selected to serve with Mr. Butler were the following: Peter K. Babalas, an attorney at law and member of the Senate of Virginia, Norfolk; J. Fletcher Bryant, Jr., of Bryant-Bryant & Co. Insurance Agency, Virginia Beach; Robert R. Connelly of Julius Straus & Sons, Inc., Insurance Agents, Richmond; Richard B. Leary, Rate Analyst, Bureau of Insurance in the State Corporation Commission, Richmond; Julian H. Rutherford, Jr., a former member of the House of Delegates and owner of the Rutherford Insurance Agency, Roanoke; and Robert E. Summers of Ezra T. Summers, Inc. Insurance Agency, Norfolk, and a member of the Norfolk City Council.

Senator Babalas was elected Vice-Chairman; and the Division of Statutory Research and Drafting served as staff for the Committee.

The Committee considered the material and information which had been compiled, and thoroughly discussed the problem under study.

Two programs which afford some aid in the obtaining of flood insurance are available. There is the Virginia Basic Property Insurance Inspection and Placement Program. The provisions of this Program are set forth in Chapter 19 of Title 38.1 of the Code of Virginia (§§ 38.1-746 through 38.1-755.1). These Sections were enacted by Chapter 559 of the 1968 Acts of Assembly. This Program is known as the "Fair Plan", and is applicable only to property in urban areas. There is also the National Flood Insurance Program. The Congress authorized this Program in Title XIII (the National Flood Insurance Act) of the Housing and Urban Development Act of 1968. This legislation was subsequently amended in the 1969 Housing and Urban Development Act. This Program is not limited to property in urban areas. However, positive action by a local governing body is required before this Program can become applicable to properties in the locality. A few counties, cities and towns in the State have qualified under this Program.

As the Committee's inquiry progressed, it became apparent that the difficulties being experienced in obtaining insurance are not unique to property in coastal, river and lake areas. It is a general problem and affects types of coverage other than flood damage. The various reasons which were advanced in explanation of this overall situation involve matters which lie outside the scope of the study as originally contemplated and directed by Senate Joint Resolution No. 18.

The Committee accordingly made its Report to the Council. Having considered that Report, the Council now makes its Report and the following recommendations.

## RECOMMENDATIONS

1. We recommend that the appropriate department of the State government encourage the localities to qualify under the National Flood Insurance Program.

2. Although a general study may be indicated, the Governor has been petitioned by the insurance industry to appoint a commission for the purpose of making such study. Therefore, we recommend that the Council await the Governor's recommendations in this respect.

## CONCLUSION

We express our appreciation to the members of the Committee for the assistance which they have given the Council in this study.

Respectfully submitted,

ROBERT C. FITZGERALD, *Chairman*  
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