

**ORIGINAL**

Decision No. 46563

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GREYHOUND LINES )	
for exemption from insurance require- )	Application
ments of General Order No. 101. )	No. 32983
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OPINION AND ORDER

Pacific Greyhound Lines, applicant herein, is engaged in business as a passenger stage corporation as defined in the Public Utilities Code. It has filed this application pursuant to the provisions contained in the Commission's General Order No. 101 and requests exemption from the requirements of said general order in accordance with paragraph (7) and paragraph (8) thereof.

In support of its request for exemption, applicant alleges that it is a passenger stage corporation engaged in interstate and intrastate operations within the State of California, and has been qualified, and now is qualified, as a self-insurer with the Interstate Commerce Commission in accordance with the laws of the United States applicable to self-insurance by motor carriers and the rules and regulations of the Interstate Commerce Commission promulgated thereunder. In support of its allegation, applicant has attached to the application as Exhibit A an affidavit showing that Pacific Greyhound Lines became qualified as a self-insurer under the provisions of Section No. 215 of the Motor Carrier Act of 1935 against liability for personal injury (including death resulting therefrom) and property damage by order of the Interstate Commerce Commission dated May 10, 1938, entered in Docket No. MC-1511. A copy of the Interstate Commerce Commission order in Docket No. MC-1511 is attached to the application as Exhibit B.

As shown by Exhibit C attached to the application, it has been applicant's policy to act as self-insurer on claims for public liability and property damage in an amount not to exceed \$50,000 for any one accident. Excess insurance coverage is carried with private insurance companies for coverage in excess of \$50,000 and up to but not exceeding \$1,000,000 for any one accident. To cover its liability as a self-insurer, applicant has provided a reserve for injuries and damages in the amount of \$3,219,019.45 as of September 30, 1951, through charges to operating expenses. The reserve balance accrued as of September 30, 1951, is almost covered by funds invested in U. S. government securities and in certificates of deposit earmarked for the payment of injury and damage claims. At September 30, 1951, the funds set aside for the payment of injury and damage claims amounted to \$3,190,519.73.

It is applicant's policy to charge operating expenses and credit reserve for injuries and damages at the close of each calendar month for the estimated cost of settling each potential claim incurred during the month. Each month thereafter applicant's claim department reviews all pending claims for the year to date for the purpose of reappraising such claims in the light of new developments and making any adjustments in the original estimates that are found necessary. Such adjustments are reflected in the accounts monthly as they are made by the claim department. Prior to the closing of accounts for the year, the claim department reviews all claims incurred in prior years still outstanding for the purpose of making adjustments determined to be necessary as the result of this retrospect review. All adjustments made by the claim department at this time are recorded in the accounts before the year-end closing.

Because of applicant's policy of periodically reviewing and adjusting reserves for all outstanding injury and damage claims and

because of the fact that applicant has funded its reserve for injuries and damages, it appears to us that its provisions for insurance are sufficient to enable it to meet its obligations for public liability and property damage within the limits prescribed in General Order No. 101, and to afford security for the protection of the public without affecting the stability and permanency of its operations as a passenger stage corporation. Accordingly, we are of the opinion and hereby find that applicant should be exempted from the requirements of General Order No. 101, in accordance with the provisions contained in paragraph (7) and paragraph (8) of said general order, unless and until hereafter otherwise ordered or directed; therefore,

IT IS HEREBY ORDERED that the Commission hereby approves Pacific Greyhound Lines' application for exemption from the requirements of General Order No. 101, and it is hereby authorized to act as a self-insurer of its obligations for public liability and property damage, with provision for excess coverage, as outlined in the application.

IT IS HEREBY FURTHER ORDERED that this order will become effective on January 1, 1952.

Dated at San Francisco, California, this 18<sup>th</sup> day of December, 1951.

R. J. [Signature]  
President  
Jordan F. Cravener  
Harold P. [Signature]  
Harriet [Signature]  
John E. [Signature]  
Commissioners