

ORIGINAL

Decision No. 46621

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of	)	
PACIFIC ELECTRIC RAILWAY COMPANY, a	:	
corporation, for authority to self-	)	Application
insure under the provisions of	:	No. 32988
General Order No. 101 of the Public	)	
Utilities Commission.	:	
-----	)	

OPINION AND ORDER

Pacific Electric Railway Company, applicant herein, conducts part of its business as a passenger stage corporation, as that term is defined in the Public Utilities Code. It has filed its application pursuant to the provisions of the Commission's General Order No. 101 for an order authorizing it to act as a self-insurer against liability for the payment of damages for personal bodily injuries, including death resulting therefrom, and for damages to or destruction of property, other than property being transported for any shipper or consignee, whether the property of one or more than one claimant.

In Exhibit A attached to the application, applicant reports that it has operated as a self-insurer since incorporation, that it has an established claim department and law department which have operated successfully at low cost, and that the claims policy of the company is conducted with the purpose of creating good will and good public relations. Applicant alleges that it is doubtful if insurance companies would be interested in insuring an operation of its magnitude within the limits of the present cost to it.

It has been applicant's policy in the past, and is its policy at the present time, to limit its liability as a self-insurer

on bodily injury claims by providing excess coverage through insurance companies on claims in excess of \$25,000 but not to exceed \$500,000 for any one accident. To cover its liability as self-insurer on property damage claims and for that portion of its liability on bodily injury claims which are not provided for through excess coverage, applicant has established, by charges to operating expenses, a reserve for injuries and damages equal in amount to its estimated liability for unpaid claims. The portion of such reserve applicable to motor coach operations is reported at \$220,942.51 as of September 30, 1951.

The Commission has considered this matter and is of the opinion that a public hearing thereon is not necessary; that applicant's resources and 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; and that the application should be granted, as herein provided; therefore,

IT IS HEREBY ORDERED that the Commission hereby approves Pacific Electric Railway Company's application under General Order No. 101 for authority to act as self-insurer of its obligations for public liability and property damage, with provisions for excess coverage for public liability on claims in excess of \$25,000 but not to exceed \$500,000, arising out of any one accident.

IT IS HEREBY FURTHER ORDERED that this order will become effective on the date hereof and will continue in effect unless and

until hereafter otherwise ordered or directed.

Dated at San Francisco, California, this 8<sup>th</sup> day of  
January, 1952.

*A. J. ...*  
President

*Harold S. Hula*

*Francis ...*

*Edward ...*

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Commissioners

Commissioner Justus F. Craemer, being  
necessarily absent, did not participate  
in the deliberations of this proceeding.