

Decision No. 46707

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
Peerless Stages, Inc., a corporation	:	
to be a partial self-insurer as)	Application
provided for in Case No. 5298,	:	No. 33028
Decision No. 46269.)	
-----	:	

H. D. Gaeta, for applicant; John Power, for the staff of the Commission.

O P I N I O N

Peerless Stages, Incorporated, applicant herein, is engaged in business as a passenger stage corporation operating generally between Oakland and San Jose, Santa Cruz, Palo Alto and Los Gatos, employing 42 buses in its service. In this application it seeks authorization to act as a self-insurer for loss or damage to the property of others, excluding cargo, for claims exceeding \$5,000.

To meet the requirements of the Commission's General Order No. 101, applicant has filed a copy of a policy of insurance with The Travelers Insurance Company for bodily injury liability of \$5,000 for each person and \$50,000 for each accident and for \$5,000 property damage liability by reason of accidents occurring on its buses, and a policy of insurance with the same company for bodily injury liability of \$100,000 for each person and \$300,000 for each accident and \$5,000 property damage liability by reason of accidents occurring with equipment other than buses. In addition, it has filed a certificate of insurance with Lloyd's of London for excess insurance coverage of \$95,000 for each person and \$250,000 for each accident involving

bodily injury. The excess coverage subsequently has been increased to \$500,000.

It appears that the policies of insurance and the agreement with Lloyd's which applicant now carries meet the requirements of the Commission's General Order No. 101, except that provision is made for loss or damage to property in the amount of \$5,000 whereas the general order requires that protection against such liability should be in the minimum amount of \$10,000. Applicant now desires to complete its compliance with the general order by self-insuring for the remaining \$5,000 of property damage.

In support of its request, applicant asserts that it has been in business for 25 years, that not once has there been a property damage claim exceeding the sum of \$5,000, and that in its opinion its present coverage is sufficient for any claims for property damage that might occur in the future. It reports that to purchase additional coverage of \$5,000 for property damage would require an additional premium of \$409.50 annually. Applicant states that its net revenues amounted to \$56,405 in 1946, to \$35,035 in 1947, to \$24,710 in 1948, and to \$16,327 in 1949, with a net loss of \$25,175 in 1950. In the latter part of 1950, however, it placed increased rates into effect, pursuant to authorization granted by the Commission, and it reports that during the first 11 months of 1951 it had net revenues of \$17,095 after making provision for depreciation in the amount of \$40,547. It further reports that as of November 30, 1951, it had cash on hand and in bank in the amount of \$42,503 and total current assets, including cash, of \$92,142, as compared with current liabilities of \$50,358.

A review of this matter indicates that applicant's resources should be ample to enable it to qualify as a self-insurer to the extent requested, that is, the second \$5,000 of coverage for liability

for property damage, without affecting the stability and permanency of its operations as a passenger stage corporation, and that the Commission is warranted in approving the application.

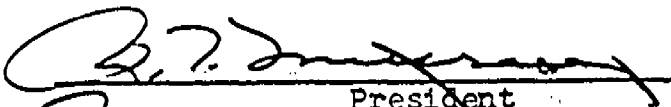
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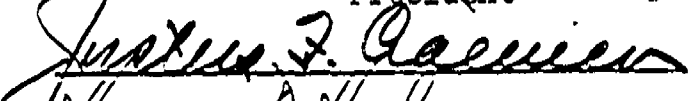
A public hearing having been held on the above entitled matter, and the Commission having considered the evidence and being of the opinion that the application should be granted; therefore,

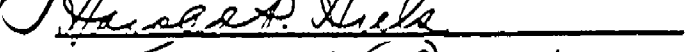
IT IS HEREBY ORDERED that the Commission hereby approves Peerless Stages, Incorporated's application under General Order No. 101 for authority to act as a self-insurer for loss or damage to the property of others, excluding cargo, for amounts exceeding \$5,000 in any one accident. The Commission further approves the certificate of insurance with Lloyd's of London for excess insurance coverage as indicated in the preceding opinion.

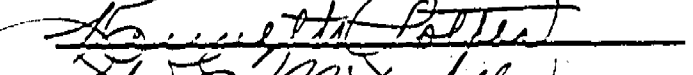

IT IS HEREBY FURTHER ORDERED that this order will become effective on the date hereof and will continue in effect unless and until hereafter otherwise ordered or directed.

Dated at San Francisco, California, this 5th day of February, 1952.



President




Commissioners