

Decision No. 55641

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation to determine the amount)
 and adequacy of protection against)
 liability imposed by law upon Highway)
 Common Carriers, Petroleum Irregular)
 Route Carriers, Radial Highway Common)
 Carriers, Petroleum Contract Carriers,)
 Household Goods Carriers, and City)
 Carriers for the payment of damages)
 for personal bodily injury (including)
 death resulting therefrom) and damage)
 to or destruction of property.)

Case No. 5719

Norman R. Moon, for M & L Trucking Co., Bayside Motor Transport, Wills Delivery Service; Natalie Gail, for Gail Messengers; Willard S. Johnson, for J. Christenson Company and Karlson Bros. Trucking Service; respondents.

J. J. Deuel, for California Farm Bureau Federation; Charles C. Miller and James M. Cooper, for San Francisco Chamber of Commerce; Lou Ashe, for National Association of Claimant's Compensation Attorneys; S. M. Saroyan; Noel W. Prather, for Continental Casualty Company; Marshall W. Vorkings, for Union Pacific Railroad Company; Russell Bevens, for Draymen's Association of San Francisco, Inc., and Draymen's Association of Alameda County, Inc.; Edward J. Maurer, for Delivery and Messenger Services Association of San Francisco, Inc.; E. O. Blackman, for California Dump Truck Owners Association; Arlo D. Poe and E. R. "Dick" Hart, for California Trucking Associations, Inc.; Charles A. Woelfel, for California Moving and Storage Association; interested parties.
Mary Moran Pajalich, for Commission staff.

O P I N I O N

The Commission instituted the present investigation on January 31, 1956, for the purpose of determining the amount of insurance against public liability and property damage to be carried by highway carriers of property. For more than a year thereafter the Commission's staff conducted an exhaustive survey of the field, chiefly by questionnaire. This survey having been

completed, the matter was set down for hearing before Commissioner Dooley and Examiner Power in June of 1957. Public hearings were held at San Francisco on the 12th and 13th, and in Los Angeles on the 19th and 20th of that month.

The minimum insurance requirements imposed by the Commission for these types of liability have in the past been fixed in two ways. Highway Common and petroleum irregular route carriers have been governed by General Order No. 100. Permitted carriers generally were required only to provide coverage in the minimum amounts fixed by various sections of the Public Utilities Code. Section 3631 covers intercity permitted carriers operating under radial highway common, highway contract and petroleum contract carrier permits. The minima imposed by it are \$15,000 for injury to, or death of, one person and \$30,000 per occurrence for all persons injured. The property damage minimum was fixed at \$10,000. Each of these figures is preceded by the phrase "not less than".

The section applicable to city carriers is No. 3981. Section 5161 covers household goods carriers. Each of these sections imposes the same minimal coverages as Section 3631. In these also the phrase "not less than" is used. General Order No. 100 imposed minimum insurance requirements which were the same as those in the statutes. The purpose of this inquiry is to determine whether these minimum requirements should be increased.

The Commission staff presented witnesses from the Field Section and Operations and Safety Section. Through the first of these was presented an exhibit (No. 1) embodying the results of the questionnaire referred to above and information obtained from the California Highway Patrol. The other staff witness discussed the size of accident and injury claims.

In 1955, the Interstate Commerce Commission increased its minimum insurance requirements to \$25,000/100,000/10,000. In the present proceeding three carrier associations, California Trucking Associations and the Draymen's Associations of San Francisco and Alameda County recommended that this minimum be adopted. The California Moving and Storage Association and the California Dump Truck Owners Association recommended higher minima. The witness for the Delivery and Messenger Services Association of San Francisco advocated retention of the present minimum requirements.

It will be noted that five out of six carrier associations recommended an increase. Three favored the I.C.C. minimum requirements. The California Moving and Storage Association advocated \$50,000/100,000/25,000. The California Dump Truck Owners Association recommended limits of \$50,000/100,000/10,000.

Two noncarrier organizations presented statements. A representative of the California Farm Bureau Federation recommended \$25,000/50,000/15,000. He stated, however, that the I.C.C. minimum requirements, if adopted, would not be opposed by his organization. A representative of the National Association of Compensation Claimants Attorneys (commonly called Nacca) recommended \$50,000/100,000 for public liability minima. He made no recommendation concerning the minimum insurance protection for property damage.

Both staff witnesses, the witness for the two draymen's associations, the California Dump Truck Owners Association witness and the Nacca witnesses gave evidence relative to the recent increases in the amounts of verdicts. For example, when an

individual is totally disabled his earning potential may be capitalized. As wages increase, verdicts are likely to follow. There are other ways in which rising wage-price levels effect the size of claims and verdicts.

On the other hand, the evidence, especially certain figures in Exhibit No. 1, tends to show that trucks have a somewhat more favorable accident experience than vehicles generally. It is believed that the superior skill of professional drivers and trucking company safety campaigns have had their effect.

The general order resulting from this investigation will affect many carriers. The evidence shows that many of these carriers are now carrying insurance which is well in excess of the limits hereinafter provided. Based upon the evidence the Commission finds and concludes:

1. That the minimum amounts of insurance coverage against liability of carriers of property subject to regulation by the Commission for injury to, or death of persons now required by law and by General Order No. 160 of this Commission provide inadequate protection to the public and to the carriers themselves.

2. That the amounts of coverages against liability for injury to and death of persons and damage to property which each carrier should provide are not less than

- a. \$25,000 for injury to, or death of, one person
- b. \$100,000 for injury to, or death of, all persons injured in a single occurrence subject to a limitation of \$25,000 for each person.
- c. \$10,000 for all damage to property occasioned by a single occurrence.

O R D E R

An investigation having been instituted on the Commission's own motion on the above-entitled matter, public hearings having been held thereon and based upon the evidence adduced at said hearings and conclusions set forth in the foregoing opinion,

IT IS ORDERED:

(1) That the title of Case No. 5719 is hereby amended by inserting therein the words "Highway Contract Carriers", following the words "Radial Highway Common Carriers", appearing in said title.

(2) That on and after January 1, 1958, the rules and regulations requiring highway common carriers, petroleum irregular route carriers, radial highway common carriers, highway contract carriers, petroleum contract carriers, household goods carriers and city carriers to provide and thereafter continue in effect adequate protection against liability imposed by law upon such carriers for the payment of damages for personal bodily injuries (including death resulting therefrom) and the damage to or destruction of property, which are attached hereto and hereby made a part hereof, shall be in full force and effect.

(3) That said rules and regulations shall be known as General Order No. 100A.

(4) That General Order No. 100 of this Commission is hereby canceled as of the effective date of said General Order No. 100A.

(5) That the Secretary of the Commission shall serve a copy of this order on every highway common carrier, petroleum irregular route carrier, radial highway common carrier, highway contract carrier, petroleum contract carrier, household goods carrier, and city carrier subject to the Commission's jurisdiction as of the date of this order.

(6) Case No. 5719 is hereby continued in pending status and further hearings may be held herein at a date hereafter to be set.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 1st day of October, 1957.

[Signature]
President
[Signature]
[Signature]
[Signature]
[Signature]
Commissioners

GENERAL ORDER NO. 100A
(Supersedes General Order No. 100)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

RULES AND REGULATIONS REQUIRING ALL HIGHWAY COMMON CARRIERS, PETROLEUM IRREGULAR ROUTE CARRIERS, RADIAL HIGHWAY COMMON CARRIERS, HIGHWAY CONTRACT CARRIERS, PETROLEUM CONTRACT CARRIERS, HOUSEHOLD GOODS CARRIERS, AND CITY CARRIERS, TO PROVIDE AND THEREAFTER CONTINUE IN EFFECT ADEQUATE PROTECTION AGAINST LIABILITY IMPOSED BY LAW UPON SUCH CARRIERS FOR THE PAYMENT OF DAMAGES FOR PERSONAL BODILY INJURIES (INCLUDING DEATH RESULTING THEREFROM) AND DAMAGE TO OR DESTRUCTION OF PROPERTY.

Adopted October 1, 1957. Effective January 1, 1958. ✓

(Decision No. 55641, Case No. 5719)

(1) Every highway common carrier, petroleum irregular route carrier, radial highway common carrier, highway contract carrier, petroleum contract carrier, household goods carrier and city carrier, as defined in the Public Utilities Code, shall provide and thereafter continue in effect, so long as they may be engaged in conducting such operations, adequate protection against liability imposed by law upon such carriers for the payment of damages for personal bodily injuries (including death resulting therefrom) in the amount of not less than twenty-five thousand dollars (\$25,000.00) on account of bodily injuries to, or death of, one person; and protection against a total liability of such carriers on account of bodily injuries to, or death of more than one person as a result of any one accident, but subject to the same limitation for each person, in the amount of not less than one hundred thousand dollars (\$100,000.00); and protection in an amount of not less than ten thousand dollars (\$10,000.00) for one accident resulting in damage to or destruction of property other than property being transported by such carrier for any shipper or consignee, whether the property of one or more than one claimant.

(2) The protection required under Section (1) hereof shall be evidenced by the deposit with the Public Utilities Commission, covering each vehicle used or to be used in conducting the service performed by each such highway common carrier, petroleum irregular route carrier, radial highway common carrier, highway contract carrier, petroleum contract carrier, household goods carrier, or city carrier, of a policy or policies of public liability and property damage insurance, issued by a company licensed to write such insurance in the State of California; or of a bond of a surety company licensed to write surety bonds in the State of California.

(3) A copy of an insurance policy, duly certified by the company issuing it to be a true copy of the original policy, or a photostatic copy thereof, or an abstract of the provisions of said policy, or a certificate of insurance issued by the company issuing such policy, may be filed with the Commission in lieu of the original or a duplicate or counterpart of said policy.

(4) Said policy of insurance, or surety bond, evidencing such protection, shall not be cancelable on less than thirty (30) days' written notice to the Public Utilities Commission, such notice to commence to run from the date notice is actually received at the office of said Commission.

(5) Any highway common carrier, petroleum irregular route carrier, radial highway common carrier, highway contract carrier, petroleum contract carrier, household goods carrier, or city carrier, desiring to furnish equivalent protection to the public by means other than those prescribed in the foregoing sections, whether as a self-insurer or otherwise, shall file an application for authority to do so in accordance with the Commission's Rules of Practice and Procedure.

Issued by order made at San Francisco
this 1st day of October, 1957.

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

By:

Randolph J. Pajalich, Secretary