

ORIGINAL

Decision No. 51223

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation on
the Commission's own motion into the
adoption of a General Order prescribing
minimum public liability and property
damage insurance requirements for
common carrier vessels.

Case No. 6429

Albert D. Elledge, for Harbor Tug and Barge Company;
Graham, James & Rolph, by Boris H. Lakusta, for
Russell G. Lewis; James J. Jones, Jr., for
Berkeley Transportation Company; Frank Loughran;
Max Eddy Utt, for Gibson, Dunn & Crucher,
interested parties.
Elmer Sjoström, for the Commission staff.

O P I N I O N

This investigation was instituted on March 8, 1960. After a period of investigation by the staff, hearings were held at San Francisco on July 15 and August 26, 1960. The matter was submitted on the latter date subject to the receipt of commentaries from the interested parties. They have been received and the matter is ready for decision.

The Commission presented one witness, a transportation representative. Through him, two exhibits were introduced which reported information developed from the answers to a questionnaire. The interested parties did not proffer any witnesses, but they assisted in developing the record by cross-examination and also by filing the commentaries referred to above.

The staff exhibits do not reveal a consistent pattern in the industry. There seems to have been considerable variation in the insuring practices followed in the past. Coverages have ranged from \$10,000 to \$2,500,000 with a great deal of variety in between.

The staff witness suggested \$25,000 as an appropriate minimum per person regardless of the type or size of the vessel insured, and \$10,000 was suggested as an appropriate minimum for property damage per occurrence whether payable to one or more than one claimant.

For personal bodily injury, including deaths resulting from such injuries the witness prepared a scale that varies according to the type and carrying capacity of insured vessels. His minimums by category were:

Property Carriers	-	100,000
Passenger Carriers	1 - 99	300,000
Passenger Carriers	100 - 499	700,000
Passenger Carriers	500 - 999	800,000
Passenger Carriers	1,000 - 1,999 capacity	900,000
Passenger Carriers	2,000 - Up capacity	1,000,000

The interested parties had a number of suggestions. Most of these were originally made orally at the hearings. At that time the staff indicated that it did not oppose them. Subsequently, they were repeated in writing. These parties wanted a breakdown in a greater number of capacity blocks especially below 500 passengers capacity. They varied in the size of the minima suggested.

One thing appeared quite important to the interested parties, that was flexibility. They wanted their privilege of self-insuring preserved. They wanted to be free to use insurance obtained from Lloyd's of London. They wanted the privilege of getting single vessel contracts.

The suggestions, both of the staff and the interested parties, have been carefully considered. The majority are embodied in the attached general order. The minimum coverages especially for passenger vessels over 500 passengers capacity have been increased over those recommended by the staff to secure more adequate protection for the public. The Commission finds that the amounts set forth in the following General Order are reasonably required by the public interest, safety, convenience and necessity.

ORDER

An investigation having been instituted on the Commission's own motion, public hearings having been held, and the Commission basing its order upon the evidence adduced at said hearings and upon the findings set forth in the foregoing opinion,

IT IS ORDERED that:

1. On March 1, 1961, the rules and regulations requiring common carrier vessels 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.

2. That said rules and regulations shall be known as General Order No. 111.

3. That the Secretary of the Commission shall cause a copy of this order to be served on every vessel common carrier subject to the Commission's jurisdiction as of the date of this order.

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

Dated at San Francisco, California, this 20th day of December, 1961.

[Signature]
President

[Signature]

[Signature]

[Signature]
Commissioners

GENERAL ORDER NO. 111.

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

RULES AND REGULATIONS REQUIRING ALL VESSEL COMMON 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 *December 10, 1960* Effective March 1, 1961

(Decision No. *61-223*, Case No. 6429)

(1) Every vessel common carrier, as defined in the Public Utilities Code, shall provide and thereafter continue in effect, so long as it 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) and for 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, in amounts not less than the amounts set forth in the following schedule:

Kind of Equipment (Passenger Seating Capacity)	For bodily injuries to or death of one person	For bodily injuries to or death of all persons injured or killed, in any one accident (subject to a maximum of \$25,000 for bodily injuries to or death of one person)	For loss or damage, in any one accident, to property of others (excluding cargo)
Property only (no passengers)	\$25,000	\$ 100,000	\$10,000
1-99 passengers	25,000	300,000	10,000
100-199 passengers	25,000	400,000	10,000
200-299 passengers	25,000	500,000	10,000
300-399 passengers	25,000	600,000	10,000
400-499 passengers	25,000	700,000	10,000
500-999 passengers	25,000	1,000,000	10,000
1,000-1,999 passengers	25,000	1,500,000	10,000
2,000 or more passengers	25,000	2,000,000	10,000

(2) The amount of coverage to be provided by each carrier shall be determined in one of the following ways:

- (a) Where the policy, surety bond or contract covers more than one vessel, the coverage for all vessels shall be determined by the coverage applicable to that covered vessel which has the highest requirement.
- (b) Where each vessel is covered by a separate policy, bond or contract or by separate schedules each of which is applicable to a single vessel within a policy, bond or contract covering two or more vessels, then the minimum required coverage for each vessel shall be determined by its own individual requirement.

(3) The protection herein required shall be provided in one of the following ways:

- (a) By a policy, or policies, of public liability insurance and property damage insurance issued by a company, or companies, licensed to write such insurance in the State of California.
- (b) By a bond, or bonds, issued by a surety company, or companies, permitted to write surety bonds in the State of California.
- (c) By evidence of insurance issued on behalf of Lloyd's of London by a surplus lines insurance broker licensed as such in this state.
- (d) By an agreement of indemnity approved as hereinafter required.
- (e) By a plan of self insurance approved as hereinafter required.
- (f) By a combination of two or more of the foregoing methods.

(4) The protection provided hereunder shall not be cancelable on less than thirty days' notice to the Public Utilities Commission, such notice to commence to run from the date the notice is actually received at the San Francisco or Los Angeles office of the Commission.

(5) When the protection is provided by an agreement of indemnity or a plan of self-insurance, or includes such an indemnity or plan of self-insurance with other methods, approval of the Commission is required. Such approval shall be requested by a formal application in accordance with the Commission's rules of practice and procedure setting forth all the facts which shall be required by the Commission with respect thereto.

(6) That cancellation or suspension of a policy of insurance or surety bond, or the impairment or destruction of any security or the cancellation or termination of any agreement of indemnity, shall constitute good cause for suspension or revocation of the operating authority of the affected vessel common carrier. No operation shall be conducted within the State of California unless a policy or certificate of insurance, certificate of self-insurance coverage, bond, or the other securities or agreements of indemnity hereinabove specified, shall be in effect and on file with the Commission.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

By R. J. PAJALICH, Secretary