

**ORIGINAL**

Decision No. 62040

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

Appearances  
 (At Reopened Hearings only)

Willard S. Johnson, for J. Christenson Co., Karlson Bros. Trucking Service, Motorways Transport and Ted Peters Trucking Co., Inc.; Jackson W. Kendall, for Bekins Van & Storage Co. and Bekins Van Lines, Inc., respondents.  
J. J. Deuel and Ralph Hubbard, for California Farm Bureau Federation; Emerson E. Bolz, for Western Union Telegraph Co.; Philip J. Ryan, for Union Oil Co.; Arlo D. Poe, J. C. Kaspar and James X. Quintrall, for California Trucking Associations, Inc.; E. O. Blackman, for California Dump Truck Owners Association; E. O. Sjolholm, for Kemper Insurance Companies; and Roy N. Millice, for Roger Jessup Farms, interested parties.  
Edward G. Fraser, Hugh N. Orr and Robert A. Lane, for the Commission staff.

O P I N I O N

The present series of hearings was commenced in 1959. An order reopening for further hearing was issued on September 1, 1959. Public hearings were held in San Francisco on November 30, and in Los Angeles on December 11, of that year. On June 28, 1960, an amended order reopening for further hearing and amending the order instituting investigation was issued. Public hearings were held in San Francisco on November 29 and in Los Angeles on November 30, 1960.

All four hearings were before Examiner John Power. The matter was submitted on November 30, 1960.

As amended to June 1960, the issues in this investigation are three in number. First, there is the question of continuous as against fixed term insurance. Second, whether a highway carrier's operating authority should be automatically suspended in the event of lapse of insurance coverage. Third, should a reinstatement fee be assessed in cases where a suspension due to lapse of insurance has occurred.

The first issue turned out to be noncontroversial. Continuous insurance is good until canceled. Term insurance terminates on a day certain. The chance for apparent loss of coverage due to human failure in clerical staffs is always present in fixed term insurance. This is true even when the carrier has, in fact, renewed his insurance and paid the required premium. In continuous insurance such human failure is largely eliminated. The staff, trucking industry and insurance company spokesmen were all agreed as to the superior merits of continuous insurance. Such a provision will be added to the General Order.

There is a standard Commission suspension procedure for permits when insurance is allowed to lapse. This procedure was described by a staff witness. It involves the mailing of a "notice of impending suspension" to the carrier. If the evidence of insurance is not filed within about 30 days after the suspension date (which is set forth in the notice) the permits are revoked by the Commission.

In the case of certificated carriers a letter is sent notifying the carrier of impending suspension of its operating authority. If the carrier has both permitted and common carrier authority the notice of impending suspension is sent. Certificated

authority has, in the past, been suspended by formal order of the Commission applicable to each individual case.

Carriers who have in fact renewed or replaced their insurance are protected by the ample notice of imminent suspension which is always given. Carriers who have not done so do not belong on the public highway. The policy of the Legislature is clear that vehicles should not be on the highway without insurance. The paramount right of the public to protection must, at all times, be considered by the Commission.

In the case of certificates suspended when insurance has lapsed, the staff proposed that the affected carrier be required to file a formal application for reinstatement of its authority, accompanied by a \$150 filing fee. The requirement for a formal application will not be adopted by the Commission. The fee requirement appears reasonable to the Commission and will be adopted together with a requirement for a written request for reinstatement.

It should be noted that a parallel proceeding, inquiring into the insurance requirements of bulk petroleum carriers (Case No. 6897) was recently submitted. The matters determined in that inquiry will also be included in General Order No. 100-B. The findings relating to the tank vehicle carriers will be found in an opinion issued on the same day as this one in Case No. 6897.

The Commission finds and concludes that the public interest and the public safety require that General Order No. 100-A be revised and amended as provided by the following order. Said General Order as herein further amended, shall be designated as No. 100-B.

#### O R D E R

An investigation having been instituted on the Commission's own motion, public hearings having been held and based upon the

evidence adduced at said hearings and the conclusions set forth in the foregoing opinion,

IT IS ORDERED:

1. That on and after July 1, 1961, the rules and regulations requiring radial highway common carriers, highway contract carriers, household goods carriers, city carriers and highway common carriers, except highway common carriers of petroleum products in bulk in tank vehicles, to provide, and thereafter continue in effect, adequate insurance protection for 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, and the rules and regulations governing the suspension and reinstatement of the operating rights of highway common carriers of petroleum products in bulk in tank vehicles, petroleum irregular route carriers and petroleum contract carriers, 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 included in a General Order to be known as General Order No. 100-B.

3. That General Order No. 100-A of this Commission is hereby canceled as of the effective date of said General Order No. 100-B.

4. That the Secretary of the Commission shall serve a copy of this order on every highway common carrier (except highway common carriers of petroleum products in bulk in tank vehicles), radial highway common carrier, highway contract carrier, household goods carrier, and city carrier subject to the Commission's jurisdiction as of the date of this order.

5. Case No. 5719 is hereby discontinued.

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

Dated at San Francisco, California, this 22nd day of May, 1961.

[Signature]  
President

[Signature]

[Signature]

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Commissioners

GENERAL ORDER NO. 100-B

(Supersedes General Order No. 100-A)

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 *May*, 22, 1961, Effective July 1, 1961,  
Decisions Nos. 62040, 62041; Cases Nos. 5719, 6397.

(1) Every highway common carrier, except highway common carriers of petroleum products in bulk in tank vehicles, radial highway common carrier, highway 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) on account of bodily injuries to, or death of, one person; and protection against 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); and protection in an amount of not less than ten thousand dollars (\$10,000) 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) Every highway common carrier of petroleum products in bulk in tank vehicles, petroleum irregular route carrier, and petroleum contract 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 one hundred thousand dollars (\$100,000) 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 three hundred thousand dollars (\$300,000); and protection in an amount of not less than fifty thousand dollars (\$50,000) 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.

(3) The protection required under Sections 1 and 2 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.

(4) 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.

(5) 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.

(6) Any highway common carrier or petroleum irregular route carrier or petroleum contract 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.

(7) Every insurance policy, surety bond or equivalent protection to the public shall contain a provision that such policy, surety bond or equivalent protection will remain in full force and effect until canceled in the manner provided by paragraph 5 of this General Order, provided however, that an insurance policy, bond or equivalent protection in effect on the effective date of this order may be continued in effect for the balance of the term for which it was issued or established.

(8) Upon cancellation, expiration or suspension of an insurance policy or surety bond, or the cancellation of equivalent protection issued by this Commission, the operative authority of any highway common carrier, petroleum irregular route carrier, radial highway common carrier, highway contract carrier, petroleum contract carrier, household goods carrier or city carrier shall stand suspended immediately upon the effective date of such cancellation, expiration or suspension.

(9) The suspension of the operative authority of any highway common carrier or petroleum irregular route carrier pursuant to Rule 8 hereof shall suspend also all tariff filings of such carrier. Suspension supplements to tariffs so suspended are not required and shall not be filed.

(10) No carrier shall engage in any operation on any public highway in this State during the suspension of its operative authority.

(11) The operative right or rights held by any highway common carrier or petroleum irregular route carrier shall be subject to revocation in the manner provided by Section 1070 of the Public Utilities Code whenever the operative right of such carrier has been suspended under the provisions of this General Order.

(12) No highway common carrier or petroleum irregular route carrier whose operative rights have been suspended under the provisions of paragraph 8 of this General Order shall resume operations unless and until such carrier shall have filed, and the Commission shall have granted, a written request for removal of such suspension. Such written request shall be accompanied by evidence of an insurance policy, surety bond or equivalent protection in effect at the time and which meets the standards set forth in this General Order and by a fee of one hundred fifty dollars (\$150).

Issued by order made at San Francisco this 22<sup>nd</sup> day of May, 1961.

PUBLIC UTILITIES COMMISSION OF  
THE STATE OF CALIFORNIA

By: Randolph J. Pajalich, Secretary