

Decision No. 62041**ORIGINAL**

## 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 )  
 petroleum irregular route carriers, )  
 petroleum contract carriers, and high- )  
 way common carriers of petroleum and )  
 petroleum products in tank trucks and )  
 tank trailers. )

Case No. 6897

Arlo D. Poe, J. C. Kaspar and James X. Quintrall,  
for California Trucking Associations, Inc.;  
Ralph Hubbard, for California Farm Bureau  
Federation; Anthony P. Brown and J. H. Cummins,  
for The Atchison, Topeka and Santa Fe Railway  
Company; W. Y. Bell and A. E. Patton, for  
Richfield Oil Co., interested parties.  
Elmer J. Sjostrom, for the Commission staff.

O P I N I O N

This investigation was instituted by the Commission on August 30, 1960. After a San Francisco hearing had been adjourned without receipt of evidence, a public hearing was held in Los Angeles on February 15, 1961, before Examiner John Power and the matter was submitted.

Heretofore, companies engaged in the transportation of petroleum products in tank vehicles have been subject to the minimum public liability and property damage insurance requirements of General Order No. 100 series, which applies to all for-hire carriers. The present investigation has, as its purpose, the determination of whether or not the transportation of petroleum in bulk should be subject to higher minimum coverages than other types of transportation. If the answer to that question is in the affirmative, there arises the necessity of determining what the new minimum levels should be.

A senior transportation representative testified on behalf of the Commission's staff. A statement was entered on behalf of an association of motor carriers. A railroad witness testified briefly respecting a recent serious accident.

The staff witness described the preliminary surveys that had been made. Numerous conferences had been held. A questionnaire had been circulated requesting information covering the last five years. Sixty percent of the petroleum bulk carriers had responded as well as ten insurance companies. The witness had prepared an exhibit summarizing the responses.

One hundred fifty-six carriers responded to a question which sought their views as to whether or not the present minimum standards are adequate. Fifty-three of them (34 percent) thought they were. These, however, operate only 12 percent of the vehicles operated by those who responded. One hundred three carriers (66 percent) thought present requirements inadequate. This group operates 88 percent of the vehicles used by the answering group.<sup>1</sup> It also appeared that 49 of the 53 carriers that regard present standards adequate carry insurance exceeding these minimum requirements. Considering all answering carriers, 94 percent of them carry insurance exceeding the minimum requirement.

The staff witness recommended standards as follows: injury to one person (including death resulting therefrom) \$100,000; all injuries and deaths occasioned by one accident, \$300,000 (subject to the \$100,000 per person limit); for property damage, \$50,000 per accident covering all claims.

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<sup>1</sup> The present standards (G.O. 100 series) are common to all types of regulated carriers; they are: injury or death, \$25,000 per person, \$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; property damage \$10,000 per accident.

The railroad witness described a serious accident between a passenger train and a tank truck. The minimum standards recommended by the staff witness would fall far short of covering the cost of the accident described. However, accidents as serious as that one have, fortunately, been rare. This witness did not comment on the staff proposal.

The trucking industry witness manifested no objection to the staff proposals. The statement does point out, however, that the regulated for-hire carriers are responsible for only part of the problem. There are many proprietary vehicles in this field which are not subject to regulation.

After giving thorough consideration to the matter, the Commission is of the opinion that the staff recommendation should be adopted. While the amounts recommended, especially the totals per accident, may prove to be inadequate as experience is gained, this is now not certain. If they require adjustment this investigation can be reopened. There appears to be a majority in the transportation industry that believes that present standards are too low.

The Commission therefore finds and concludes: (1) that the transportation of petroleum products in bulk in tank vehicles differs from other transportation; (2) that the nature of the difference is that, when an accident occurs, the property carried as well as the vehicles themselves can be a cause of injury or death to persons and damage to property; (3) that the public health and safety require that the minimum requirements for protection of the public against loss and damage due to injury or death of persons

and damage to property inflicted by for-hire carriers of petroleum products in bulk in tank vehicles, should be at the levels required by the following order, including General Order No. 100-B attached to the decision of even date in Case No. 5719.

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 findings and conclusions set forth in the foregoing opinion,

IT IS ORDERED:

1. That on and after July 1, 1961, the rules and regulations requiring highway common carriers of petroleum products in bulk in tank vehicles, petroleum irregular route carriers and petroleum contract carriers 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, which are attached to and made a part of a decision of even date in Case No. 5719, shall be in full force and effect. ✓

2. That said rules and regulations shall be included in General Order No. 100-B.

3. That the Secretary of the Commission shall serve a copy of said order on every highway common carrier of petroleum products in bulk in tank vehicles, petroleum irregular route carrier

and petroleum contract carrier subject to the Commission's jurisdiction as of the date of this order.

4. That Case No. 6897 is hereby discontinued.

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

Dated at San Francisco, California, this 22<sup>d</sup>  
day of May, 1961.

Charles D. Page  
President  
Ed. J. Mitchell  
E. J. Lantz  
George C. Grover  
Commissioners