

ORIGINAL

Decision No. 66979

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own motion to determine procedure and rules for the administration of Public Utilities Code Sections 4660 through 4669, For-Hire Vessels, including the amount of bond required thereby.

Case No. 7778

Appearances are listed in Appendix A.

O P I N I O N

This investigation was instituted on November 12, 1963 pursuant to Public Utilities Code Section 4664 (added Stats. 1963, Ch. 1295), which directs the Commission after hearing to set the amount of liability insurance of for-hire vessel operators reasonably required to provide adequate compensation for damage incurred through an accident involving a for-hire vessel operator. Public hearings were held before Examiner Gravelle on February 13 and 14 in San Francisco and February 19 and 21, 1964 in Los Angeles. The matter was submitted on the latter date.

The staff of the Commission presented one witness who made his recommendations concerning the minimum limits of insurance which should be required of for-hire vessel operators and the form of the General Order which would contain those limits. Exhibits Nos. 1 and 2 were introduced through this witness. Exhibit No. 1 contains the limits suggested by the staff witness. The range of

coverage depicted in this exhibit extends from a low single limit coverage of \$110,000.00 for a vessel with a passenger seating capacity of 1 - 6 to a high single limit coverage of \$410,000.00 for a vessel with a passenger seating capacity of 100 or more.

Exhibit No. 2 is a copy of General Order No. 111-A issued by this Commission which has been in effect since January 1, 1962 and sets forth the limits of and rules for liability insurance required of vessel common carriers. The witness testified that the Commission had experienced no difficulty in administering General Order No. 111-A and recommended that said General Order with certain necessary modifications be adapted to fit the requirements of Chapter 4.5 of Division 2 of the Public Utilities Code. (Stats. 1963, Ch. 1295.) The modifications recommended by the staff witness are reasonable and have been included in the General Order attached hereto.

Staff counsel pointed out in her opening statement that vessel common carriers whose insurance requirements are governed by General Order No. 111-A would remain subject to that General Order and their common carrier operations would be unaffected by the General Order which ensues from the present proceeding, hence those primarily involved herein are operators of vessels as defined in Public Utilities Code Sections 4507 or 4661.

Notice of hearing, a copy of the Order Instituting Investigation, a copy of Public Utilities Code Sections 4660-4669, and a letter of transmittal were sent to 588 respondents herein and to 433 insurance companies. Appearances were made by 25

respondents and six interested parties. Most of those who entered appearances did not offer any testimony but did help develop the record through cross-examination. One of the interested parties representing an insurance broker testified that in his opinion single limit coverage of \$300,000.00 for vessels with passenger seating capacity of 49 or more was a sufficient upper limit of coverage. The Commission believes that the upper limits of coverage as recommended by the staff more adequately protect the public; its suggestion will be adopted. He also recommended that the General Order resulting from this investigation provide for policies of single limit coverage. It will be noted that the attached General Order does make provision for such single limit coverage.

Findings

1. The amounts set forth in the following General Order are reasonably necessary to provide adequate compensation for damage incurred through an accident involving a for-hire vessel operator.

2. The rules set forth in the following General Order are reasonably necessary for the administration and enforcement of Public Utilities Code Sections 4660 through 4669.

Conclusion

The public interest requires the adoption of the following General Order.

O R D E R

IT IS ORDERED that:

1. The rules set forth in the General Order attached hereto and hereby made a part hereof shall be known as General Order No. 121, which shall become effective on March 20, 1964.

2. The Secretary of the Commission is directed to cause a copy of this decision and of the General Order to be served forthwith on every operator of a "for-hire vessel" as defined in Public Utilities Code Section 4651, excluding vessel common carriers subject to the provisions of General Order No. 111-A.

The effective date of this order shall be March 20, 1964.

Dated at San Francisco, California, this 17th day of March, 1964.

Alexander Bennett
President

Robert R. Pittman

George H. Grover

Friedrich B. Hellhoff

Commissioners

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

Appearances

RESPONDENTS

Leon O. Mason, William E. Doyal, Mrs. Mary Janette Darling, Carl W. Svendsen, Floyd Nicol, Eugene Hylas Baldwin, William J. Tyukodi, Robert D. Cloyes, W. G. Stuntz, Jr., Mary L. Durant and Ted Ujiye, for themselves; Harold E. Miller, for Golden Gate Sports Fishing Association; Frank Combiths, for The River Lines, Inc., and others; Nelson H. Cooke, for San Clemente Sportfishing, Inc.; Eugene H. Fink, for Pierpoint Landing, Inc.; Floyd E. McEwen, for Pacific Sportfishing, Inc.; Frank Seehorn, for H-10 Water Taxi Company, Ltd.; Raymond Bisel, for Ray Bisel Co., Inc.; William A. Stone, for Point Loma Sportfishing Association; Gary Troy, for Malibu Pier Corporation; Clayton Baldwin, for Charter Boat Owners Association, Inc.; Ray McCullah, for Oceanside Sportfishing, Inc.; John H. Taylor, for Mission Bay Sportfishers, Howard Minor, for H & M Sportfishers; and William E. Poole, for Seaforth Landing.

INTERESTED PARTIES

Leland C. Shay, for Mitchell & Company and Golden Gate Sportfishers, Inc.; Frank Loughran, for Harbor Tug & Barge Company; McCutchen, Doyle, Brown, Trautman & Enersen, by Norman B. Richards, for the Board of Marine Underwriters of San Francisco; Joseph H. Anderson, for The River Lines, Inc.; R. T. Townsend, for Interest from Insurance Underwriting; and Clarence O. Hunt, for Malibu Pier Corporation.

COMMISSION STAFF

Elinore Charles and Douglas Quinlan.

GENERAL ORDER NO. ~~101~~
101PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA

RULES REQUIRING ALL FOR-HIRE VESSEL OPERATORS TO PROVIDE AND THEREAFTER CONTINUE IN EFFECT ADEQUATE PROTECTION AGAINST LIABILITY IMPOSED BY LAW UPON SUCH FOR-HIRE VESSEL OPERATORS FOR THE PAYMENT OF DAMAGES FOR PERSONAL BODILY INJURIES (INCLUDING DEATH RESULTING THEREFROM) AND DAMAGE TO OR DESTRUCTION OF PROPERTY.

Adopted March 17, 1964. Effective March 20, 1964.
(Decision No. 66979, Case No. 777C)

1. Every operator of a "for-hire vessel", as defined in Section 4661 of the Public Utilities Code, shall provide and thereafter continue in effect, so long as he may be engaged in conducting for-hire vessel operations, adequate protection against liability imposed by law upon such operator 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 operator 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 one person a maximum of \$25,000 | For loss or damage, in one accident, to property of others (exclud- ing cargo) | Minimum for |
|--|--|--|---|--------------------------|
| | | | | Single Limit Coverage |
| 1-6 passengers | \$25,000 | \$100,000 | \$10,000 | \$110,000 |
| 7-16 passengers | 25,000 | 150,000 | 10,000 | 160,000 |
| 17-22 passengers | 25,000 | 200,000 | 10,000 | 210,000 |
| 23-49 passengers | 25,000 | 250,000 | 10,000 | 260,000 |
| 50-99 passengers | 25,000 | 300,000 | 10,000 | 310,000 |
| 100 or more passengers | 25,000 | 400,000 | 10,000 | 410,000 |

2. The amount of coverage to be provided by each operator 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 bodily injury 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, licensed to write surety bonds in the State of California.
- (c) By evidence of insurance issued on behalf of Lloyd's of London by an insurance broker licensed as such in this State.
- (d) By any other plan of protection for the public 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. When protection is to be provided by the means set forth in subparagraphs (a), (b), (c), (d), and (f) of paragraph 3 hereof, a deductible clause may be inserted. Where 5 per centum, or less, of the risk is made deductible, no special approval will be required. Where more than 5 per centum of the risk is made deductible special approval under paragraph (c) of this general order shall be required.

5. The protection provided hereunder shall not be cancellable 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 in writing at the San Francisco or Los Angeles offices of the Commission.

6. When the protection is provided by an approved alternate plan or a plan of self-insurance, or includes such an approved plan or plans 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.

7. The 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 approved alternate plan, shall constitute good cause for suspension or revocation of the operating authority of any for-hire vessel operator conducting operations pursuant to a permit or permits issued by this Commission under Chapter 4 of Division 2 of the Public Utilities Code. No operation shall be conducted within the State of

California unless prior to June 30, 1964 and thereafter a policy ✓
or certificate of insurance, certificate of self-insurance coverage,
bond, or the other securities or approved alternate plans hereinabove
specified, shall be in effect and on file with the Commission.

PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA

By Noel Coleman, Acting Secretary