

REPORT OF THE STATE CORPORATION COMMISSION

ON

STUDYING LIABILITY INSURANCE

REQUIREMENTS OF PASSENGER BUSES

TO

THE GOVERNOR

AND

THE GENERAL ASSEMBLY OF VIRGINIA



HOUSE DOCUMENT NO. 3

**COMMONWEALTH OF VIRGINIA
RICHMOND
1984**

COMMONWEALTH OF VIRGINIA



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STATE CORPORATION COMMISSION

August 8, 1983

TO: The Honorable Charles S. Robb
Governor of Virginia

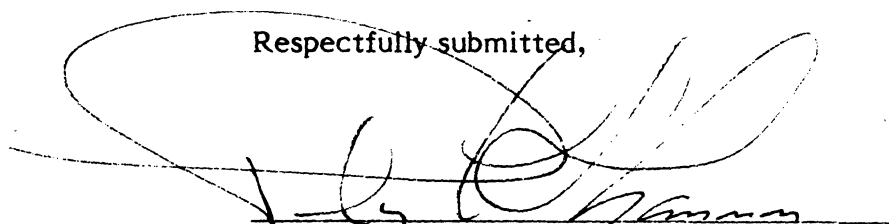
and

The General Assembly of Virginia

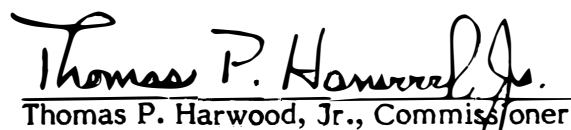
The report contained herein is pursuant to House Joint Resolution No. 24 of the 1983 Session of the General Assembly of Virginia.

This report comprises the responses by the State Corporation Commission to study the liability insurance requirements of passenger buses.


Respectfully submitted,



Preston C. Shannon, Chairman



Thomas P. Harwood, Jr., Commissioner



Junie L. Bradshaw, Commissioner

A Study of Liability Insurance Requirements of Passenger Buses

The State Corporation Commission requires liability insurance limits of \$100,000/\$500,000/\$50,000 for vehicles having a seating capacity of 13 or more passengers and \$100,000/\$300,000/\$50,000 for vehicles having a seating capacity of 12 passengers or less.

Interestingly, Virginia's insurance requirements for intrastate passenger carriers are the same requirements as those presently imposed by the Interstate Commerce Commission on passenger carriers subject to their regulation, \$100,000/\$500,000/\$50,000 for more than 12 passengers and \$100,000/\$300,000/\$50,000 for 12 passengers or less.

The insurance levels currently required by the ICC will be increased no later than November 19, 1983. Pursuant to the new Bus Regulatory Reform Act of 1982, the Secretary of Transportation is required to increase the current minimum levels of insurance to levels within certain limits prescribed by Congress. Under § 18 of the Act, the Secretary is directed to establish the following levels:

- (1) For vehicles with a seating capacity of 16 passengers or more, the carrier must carry no less than \$5 million.
Exception: The Secretary of Transportation is given the authority to reduce the minimum coverage to \$2,500,000 for a two year period beginning on the effective date of the regulations.
- (2) For any vehicle with a seating capacity of 15 passengers or less, the carrier must carry no less than \$1.5 million.
Exception: The Secretary of Transportation is given the authority to reduce the minimum insurance coverage to \$750,000 for a two year period beginning on the effective date of the regulations.

As of this writing, no minimum level of insurance has been established by the Secretary. The Secretary has, however, initiated a Notice of Proposed Rulemaking wherein he has proposed establishing the minimum limits for insurance as authorized by Section 18. This notice was published in the Federal Register, Vol. 48, No. 105, at pages 24147 through 24150 on May 31, 1983.

- (1) \$2,500,000 to \$5,000,000 for vehicles with a seating capacity of 16 passengers or more;
- (2) \$750,000 to \$1,500,000 for vehicles with a seating capacity of 15 passengers or less.

At this time, the specific amount of insurance to be required on November 19, 1983 is uncertain. The minimum requirements will, however, be within the above ranges and will be effective for the period running from November 19, 1983 through November 19, 1985. After November 19, 1985, the minimum insurance requirement will be the \$1,500,000, depending on the vehicle operated. (Copies of the Bus Regulatory Reform Act of 1982 and the Federal Register are on file at the SCC for your reference.)

Intrastate bus operations fall into five categories: Mini-Bus, Employee Hauling, Common Carriers, Special or Charter Party Carriers, and Sight-Seeing Carriers. At the present time, these operations include 648 carriers operating 970 vehicles. To the extent that the required limits of liability coverage are raised for these passenger carriers, the cost of doing business will be raised. Increased liability limits could result in increases in rates and increases in the number of uninsured carriers. Also, smaller, even though efficiently operated, passenger carriers could be put in a precarious position because of prohibited liability insurance requirements. Attached are two exhibits reflecting rates for coverage for four selected insurance companies covering employee haulers as well as buses.

In reviewing the requirements of the adjacent states of North Carolina, Maryland, Tennessee, West Virginia, and Kentucky as well as three states at large, New York, South Carolina, and Alabama, we find that their requirements are far less than Virginia's. In fact, Virginia's limits are greater in every area when compared to those of neighboring and selected states. Attached as exhibit III are the insurance requirements of those various states for your reference.

In summary, we feel that passenger carriers in Virginia have an extremely admirable safety record. An isolated incident such as the commuter bus crash in Northern Virginia should not be used to institute a change that may not be justified. We recognize the need for adequate liability coverage to protect third parties and we feel that Virginia's requirements, at the present time, definitely meet that need.

INTERCITY BUSES (LOCAL 0-50 MILES)

Territory/ Limits	<u>ISO</u>		<u>V.A.I.P.</u>				<u>TRAVELERS INDENNITY</u>		<u>CENTRAL NATIONAL OF OMAHA</u>			
	<u>Seats</u>		<u>Seats</u>				<u>Seats</u>		<u>Non-Fleet</u>		<u>Fleet</u>	
	<u>9-20</u>	<u>21-60</u>	<u>0-12</u>	<u>13-20</u>	<u>21-30</u>	<u>OVER 30</u>	<u>9-20</u>	<u>21-60</u>	<u>9-20</u>	<u>21-60</u>	<u>9-20</u>	<u>21-60</u>
<u>Norfolk</u>												
100/300/50	\$3,483	\$ -	\$1,332	\$ -	\$ -	\$ -	\$2,796	\$ -	\$1,361	\$ -	\$1,428	\$ -
100/500/50	3,660	5,856	1,424	1,745	2,199	2,663	2,938	4,702	1,430	2,383	1,501	2,501
250/500/50	3,796	6,074	1,498	1,838	2,315	2,803	3,047	4,877	1,483	2,471	1,557	2,593
500/500/50	3,966	6,345	1,581	1,941	2,445	2,959	3,184	5,095	1,549	2,582	1,626	2,709
500/1000/50	4,218	6,748	1,714	2,107	2,652	3,208	3,386	5,418	1,648	2,746	1,730	2,881
1000/1000/50	4,511	7,218	-	-	-	-	3,622	5,795	1,762	2,937	1,850	3,062
<u>Richmond</u>												
100/300/50	3,190	-	1,332	-	-	-	2,883	-	1,369	-	1,438	-
100/500/50	3,352	5,364	1,424	1,745	2,199	2,663	3,029	4,846	1,439	2,398	1,512	2,519
250/500/50	3,477	5,562	1,498	1,838	2,315	2,803	3,141	5,025	1,492	2,487	1,568	2,612
500/500/50	3,632	5,811	1,581	1,941	2,445	2,959	3,282	5,250	1,559	2,598	1,638	2,729
500/1000/50	3,863	6,180	1,714	2,107	2,652	3,208	3,490	5,584	1,658	2,763	1,742	2,902
1000/1000/50	4,131	6,610	-	-	-	-	3,733	5,972	1,774	2,955	1,863	3,104
<u>Alexandria</u>												
100/300/50	\$3,506	\$ -	\$1,263	\$ -	\$ -	\$ -	\$2,913	\$ -	\$1,342	\$ -	\$1,408	\$ -
100/500/50	3,684	5,894	1,353	1,681	2,075	2,525	3,061	4,898	1,410	2,350	1,480	2,467
250/500/50	3,821	6,113	1,426	1,772	2,188	2,660	3,174	5,080	1,463	2,437	1,535	2,599
500/500/50	3,991	6,386	1,508	1,874	2,313	2,812	3,316	5,307	1,528	2,546	1,603	2,673
500/1000/50	4,245	6,792	1,638	2,037	2,513	3,053	3,527	5,645	1,625	2,707	1,705	2,843
1000/1000/50	4,540	7,265	-	-	-	-	3,772	6,037	1,738	2,896	1,824	3,041

EMPLOYER HAULING (LOCAL 0-50 MILES)

Territory/ Limits	<u>ISO</u> Seats		<u>V.A.I.P.</u> Seats				<u>TRAVELERS INDEMNITY</u> Seats		<u>CENTRAL NATIONAL OF OMAHA</u> Seats			
	<u>9-20</u>	<u>21-60</u>	<u>0-12</u>	<u>13-20</u>	<u>21-30</u>	<u>OVER 30</u>	<u>9-20</u>	<u>21-60</u>	<u>Non-Fleet</u>		<u>Fleet</u>	
									<u>9-20</u>	<u>21-60</u>	<u>9-20</u>	<u>21-60</u>
<u>Norfolk</u>												
100/300/50	\$706	\$ -	\$533	\$ -	\$ -	\$ -	\$568	\$ -	\$358	\$ -	\$375	\$ -
100/500/50	742	1,068	570	698	897	1,066	596	859	376	541	394	568
250/500/50	769	1,108	599	735	926	1,122	619	891	390	561	409	589
500/500/50	804	1,157	632	777	978	1,184	646	931	407	586	427	615
500/1000/50	855	1,231	686	843	1,061	1,284	687	990	433	623	454	654
1000/1000/50	914	1,316	-	-	-	-	735	1,059	463	666	486	700
<u>Richmond</u>												
100/300/50	647	-	533	-	-	-	583	-	354	-	372	-
100/500/50	680	978	570	698	897	1,066	613	883	371	536	391	563
250/500/50	705	1,015	599	735	926	1,122	636	916	385	556	406	584
500/500/50	736	1,060	632	777	978	1,184	664	957	402	581	424	610
500/1000/50	783	1,128	686	843	1,061	1,284	706	1,018	428	618	451	649
1000/1000/50	837	1,206	-	-	-	-	756	1,089	458	661	482	694
<u>Alexandria</u>												
100/300/50	711	-	505	-	-	-	591	-	310	-	328	-
100/500/50	747	1,076	541	673	828	1,010	621	894	326	470	344	495
250/500/50	775	1,116	571	709	873	1,064	644	927	338	487	357	514
500/500/50	810	1,166	603	750	920	1,125	672	969	353	509	373	537
500/1000/50	861	1,240	655	815	1,003	1,221	715	1,030	376	541	397	571
1000/1000/50	921	1,327	-	-	-	-	765	1,102	402	579	424	610

ALABAMA

FINANCIAL RESPONSIBILITY; INSURANCE

Minimum Limits on Insurance Coverage-

Kind of Equipment	Limit for bodily injuries to or death of one person	Limit for bodily injuries to or death of all per- sons injured or killed in any one accident (subject to a maximum of \$25,000 for bodily injuries to or death of one person)	Limit for loss or damage in any one accident to property of others (excluding cargo)
<hr/>			
Passenger Equipment (Seating Capacity)			
7 passengers or less.....	\$25,000	\$100,000	\$10,000
8 to 12 passengers, inclusive..	25,000	150,000	10,000
13 to 20 passengers, inclusive..	25,000	200,000	10,000
21 to 30 passengers, inclusive..	25,000	250,000	10,000
31 passengers or more.....	25,000	300,000	10,000

NEW YORK

FINANCIAL RESPONSIBILITY; INSURANCE

Minimum Limits on Insurance Coverage-

Public Liability and Property Damage
(Passenger Carriers)

Death or injury to one person-

- (1) Certificated omnibus lines and street railway corporations:
 - (a) If operating from, to or within the City of New York.....\$ 50,000
 - (b) If operating wholly outside the City of New York..... 25,000
- (2) Contract carriers of passengers..... 25,000

Death or injury to more than one person in any one accident-

- For any vehicle having a passenger capacity of:
 - 1 to 7 passengers.....\$ 100,000
 - 8 to 12 passengers..... 150,000
 - 12 to 20 passengers..... 200,000
 - 21 to 30 passengers..... 250,000
 - Over 30 passengers..... 300,000

SOUTH CAROLINA

FINANCIAL RESPONSIBILITY; INSURANCE

Minimum Limits on Insurance Coverage-

Public Liability and Property Damage

Kind of Vehicle	Injury or death of one person	Any one accident	Property damage
Freight vehicles (Classes D, E. and F).....	\$ 25,000	\$ 100,000	\$ 10,000
Passenger vehicles (seating capacity): Classes A and B, and Class C for vehicles with seating capacity of over 5 passengers-			
7 passengers or less.....	15,000	40,000	5,000
8 to 12 passengers, inclusive.....	15,000	50,000	5,000
13 to 20 passengers, inclusive.....	15,000	70,000	5,000
21 to 30 passengers, inclusive.....	15,000	90,000	5,000
31 passengers or more.....	15,000	110,000	5,000
Class C (taxicabs) and up to 5 passengers	15,000	30,000	5,000

KENTUCKY

FINANCIAL RESPONSIBILITY; INSURANCE

Minimum Limits on Insurance Coverage-

Public Liability and Property Damage

	Death or in- jury of any one person	Total lia- bility for death or in- jury to per- sons	Property damage
<u>Kind of Vehicle</u>			
<u>Passenger (Capacity):</u>			
7 persons or less.....	\$10,000	\$20,000	\$5,000
8 to 16 inclusive.....	10,000	30,000	5,000
17 to 25 inclusive.....	10,000	40,000	5,000
26 or more.....	10,000	50,000	5,000
<u>Freight (Gross Weight):</u>			
18,000 lbs. or less.....	\$ 10,000	\$ 20,000	\$ 5,000
More than 18,000 lbs.....	100,000	300,000	50,000

MARYLAND

FINANCIAL RESPONSIBILITY; INSURANCE

Minimum Limits on Insurance Coverage-

Public Liability and Property Damage

	Injury or death of one person	Any one Accident	Property damage
Each motor vehicle.....	\$20,000	\$40,000	\$10,000

TENNESSEE

FINANCIAL RESPONSIBILITY; INSURANCE

Minimum Limits on Insurance Coverage-

Bodily Injury and Property Damage Liability

Kind of equipment	Injury or death of one person	Any one accident	Property damage
Freight	\$ 25,000	\$ 100,000	\$ 10,000
<u>Passenger (seating capacity):</u>			
7 passengers or less.....	25,000	100,000	10,000
8 to 12 passengers, inc.....	25,000	200,000	10,000
13 to 18 passengers, inc.....	25,000	300,000	10,000
19 to 24 passengers, inc.....	25,000	350,000	10,000
25 passengers or more.....	25,000	400,000	10,000

NORTH CAROLINA

FINANCIAL RESPONSIBILITY; INSURANCE

Minimum Limits on Insurance Coverage-

Bodily Injury Liability and Property Damage Liability

Kind of Carrier	Injury or death of one person	Any one accident	Property damage
<u>Every motor carrier for which a certificate, permit or license is required</u>	\$ 50,000	\$ 100,000	\$ 50,000

WEST VIRGINIA

FINANCIAL RESPONSIBILITY; INSURANCE

Minimum Limits on Insurance Coverage-

Public Liability and Property Damage

Kind of Vehicle	Injury or death of one person	Any one accident	Property damage
Freight Equipment.....	\$ 10,000	\$ 20,000	\$ 5,000
Passenger Equipment: seating capacity			
7 passengers or less.....	10,000	20,000	5,000
8 to 12 passengers, inclusive.....	10,000	30,000	5,000
13 to 20 passengers, inclusive.....	10,000	40,000	5,000
21 to 30 passengers, inclusive.....	10,000	50,000	5,000
31 passengers or more.....	10,000	50,000	5,000

VIRGINIA

FINANCIAL RESPONSIBILITY; INSURANCE

Minimum Limits on Insurance Coverage-

Public Liability and Property Damage

Type of Carrier	Death or injury to any one person	Total liability	Property damage
Property.....	\$ 100,000	\$ 300,000	\$ 50,000
<u>Rental Vehicles.....</u>	100,000	300,000	50,000
<u>Passengers (Covers Public and Passengers)</u>			
12 passengers or under.....	100,000	300,000	50,000
13 passengers or more.....	100,000	500,000	50,000
Taxicabs (Covers Public and Passengers)..	50,000	100,000	25,000

(Form MC-11 (F) Revised July 1, 1970)

HOUSE JOINT RESOLUTION NO. 24

Requesting the State Corporation Commission to study the liability insurance requirements of passenger buses.

Agreed to by the House of Delegates, February 8, 1983
Agreed to by the Senate, February 14, 1983

WHEREAS, § 56-278 of the Code of Virginia provides that no passenger bus, unless exempted, shall engage in intrastate operation in the Commonwealth without first having obtained from the State Corporation Commission a certificate of public convenience and necessity; and

WHEREAS, Code §56-300 stipulates that each holder of such a certificate must keep in force at all times insurance or a bond in an amount required by the Commission; and

WHEREAS, the Commission presently requires that each certificated passenger bus which carries twelve passengers or less must keep in force liability insurance or a bond which provides at least \$100,000 for death or injury to any one person, \$300,000 total public liability for any one accident, and \$50,000 for property damage; and

WHEREAS, the Commission presently requires that each certificated passenger bus which carries thirteen or more passengers must keep in force liability insurance or a bond which provides at least \$100,000 for death or injury to any one person, \$500,000 total public liability for any one accident, and \$50,000 for property damage; and

WHEREAS, recently there was a serious accident in the Commonwealth involving a passenger bus, and the insurance carried by the common carrier in accordance with the Commission's requirements was not adequate to pay all the claims resulting from the accident; and

WHEREAS, some individuals believe the liability insurance requirements which apply to passenger buses need to be changed; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the State Corporation Commission is required to study the liability insurance requirements of passenger buses.

The Commission shall complete its work and make any recommendations it deems appropriate to the 1984 Session of the General Assembly.

