

APPENDIX B.—MINIMUM LIMITS OF INSURANCE ON MOTOR CARRIERS

As a matter of law, a common carrier subject to economic regulation under the Interstate Commerce Act is liable for the full actual loss, damage, or injury to the cargo transported (49 U.S.C. 20 (11)). The statute confers no jurisdiction on the Commission to determine the question of carrier liability. This question is reserved to the courts.

Under title 49 United States Code, section 315, and the Commission's regulations (49)CFR 1043), motor carriers subject to our jurisdiction are required to maintain minimum limits of insurance as follows:

Kind of equipment	Limit for bodily injuries to or death of 1 person	Limit for bodily injuries to or death of all persons injured or killed in any 1 accident (subject to a maximum of \$25,000 for bodily injuries to or death of 1 person)	Limit for loss or damage in any 1 accident to property of others (excluding cargo)
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
Freight equipment: All motor vehicles used in the transportation of property.....	25,000	100,000	10,000

Further, motor common carriers of property (with exception as to certain relatively low-value commodities, such as those generally moved in bulk) are required to maintain security sufficient to compensate shippers for loss or damage to cargo as follows:

One thousand dollars for loss or damage to cargo carried on any motor vehicle; and

Two thousand dollars for loss or damage, or aggregate of losses or damages, to cargo occurring at any one time or place.

The Bureau of Operations (and its predecessors) has from time to time conducted informal studies examining the above-stated minimum limits to determine whether they are adequate for sufficient protection to the public. The BI/PD limits have been increased twice since enactment of the Motor Carrier Act (known as part II of the Interstate Commerce Act) in 1935. The present minimum requirements were adopted in 1957. The cargo limits have not been revised since 1936, but we have a pending study of this which will be presented to the Commission for decision later this year. We anticipate the study to be supported by a recommended increase in the cargo limits.

As a practical matter, almost all of the approximately 19,000 motor carriers subject to our jurisdiction maintain substantially in excess of the minimum limits described above. The cost of the excess insurance is relatively insignificant above and beyond the cost of the basic coverage. Not all States require motor carriers to carry minimum amounts of insurance, but of those which do, our BI/PD minimums are well above those of every State, except Alaska (\$100,000/\$300,000 and \$10,000) and Minnesota (which recently went to \$50,000/\$200,000 and \$15,000). Four States have slightly higher minimums for motor carriers of explosives. However, our investigation of the latter feature reveals no justification for a higher minimum for this class of carrier.

Our studies in this area have been informally conducted by our section of insurance and the field staff as appropriate. A recent survey of insurance companies indicates the average bodily injury claim from all vehicular accidents is \$1,300 and property damage average claim is \$175. Insurance companies whose business is predominantly motor carrier insurance reflect an average bodily injury claim of \$1,800 and property damage claim of \$400. Further, studies by the insurance industry indicate that less than three-fourths of 1 percent of all bodily injury claims resulted in payments exceeding \$25,000 per person. Accordingly, our minimum limits seem to provide more than adequate protection for the public in the vast majority of cases.