

Our general view is that we cannot guarantee the existence of insurance to cover all possible claims. This would require minimum insurance of astronomical figures. Basically, we attempt to protect the vast majority of claimants for losses incurred of average and well-above-average damages. Paramountly, we are protecting the public against frequency of losses rather than the occasional rarity of catastrophic loss.

Undoubtedly, some judgments have been obtained in excess of our minimum requirements, but presumably the motor carrier involved either carried higher limits voluntarily or was financially able to pay the claim.

As to cargo claims, it is interesting to note from statistics recently published by the ATA National Freight Claim Council covering loss and damage freight claim statistics for 1967 as reported by 77 motor common carriers of freight, a total of approximately 34 million claims were paid in 1967 covering every possible cause of loss, damage, or injury to the property. The average amount paid for each claim was less than \$40. Accordingly, we feel that the Commission's \$1,000 minimum on cargo protection is sufficient to afford protection for the average claim for loss or damage. However, we may consider increasing the cargo minimums later this year. The mere shrinkage of the dollar since 1936 may prompt such consideration. It is interesting to note that the \$1,000 minimum protection required under our regulations has no exceptions as to cause. Therefore, if a shipper establishes that the loss or damage occurred while the shipment was in the carrier's possession, the carrier is liable for full loss under the law and the shipper is further protected up to the \$1,000 minimum even if the loss or damage resulted from an act of God.

Under our rules, a motor carrier is required to file evidence of insurance at least up to the minimum limit, by means of a certificate such as is attached here for your convenience. Further, the motor carrier's insurance policy is endorsed (example attached) so as to guarantee protection to the public up to the minimum limits at least. This endorsement makes the insurance company responsible for any judgment recovered against the motor carrier arising from the use of motor vehicles operating under ICC authority. Any limitations in the basic policy are negated, as respects the public. Limitations or conditions, such as deductibles, schedule of equipment, territorial limitations, etc., cannot be used as a defense to a claim presented under the ICC filing.

Probably one of the most dramatic examples of benefit to the public from our minimum cargo insurance requirements was seen in the bankruptcy and liquidation of Yale Transport, Inc., in 1965-66: Yale failed, bankruptcy proceedings ensued. In liquidation, it was revealed that approximately 16,000 loss and damage claims were pending and there were insufficient funds to pay them. Under the ICC filing, the insurer promptly proceeded to handle all the cargo claims. Approximately 2,000 remain to be settled. Yale carried a \$5,000 deductible in its cargo policy. Notwithstanding this contractual agreement between the insurer and the motor carrier, the claimants were fully paid for their losses and damages up to the \$1,000 minimum in each case. Only 50 of the 16,000 claims exceed the \$1,000 minimum, but the aggregate of all the claims exceeds well over \$1 million.

It is critical to the public that under our insurance program the insurance companies who file with the ICC remain financially sound. Therefore, to assure the public of as complete protection as possible, the Commission investigates, analyzes, and determines the acceptability of insurance companies. Any company which, in our opinion, does not possess adequate financial strength, satisfactory reputation, or general business acumen is disqualified or refused approval. Upon disqualification, all existing insurance filings for such company must be replaced by an acceptable insurer.

For the period 1960 through 1967, the insurance industry encountered 138 company bankruptcies. None of these companies were qualified with this Commission at the time of bankruptcy because of our having disqualified them from 1 to 4 years prior thereto. We have withdrawn the acceptances of over 50 companies and refused initial approval to more than 30 companies since 1960.

The Commission receives and answers thousands of inquiries regarding motor carrier insurance annually. We have received no complaints from the public regarding the inability to collect on a claim against a regulated motor carrier since 1957.

Thousands of motor carriers operate in interstate or foreign commerce under one or more of the exemptions of section 203(b) of the act. These are not subject to our insurance regulations. Private carriers of property by motor vehicle are likewise not subject to our insurance regulations. We do receive complaints regarding the lack, or inadequacy of insurance on such carriers, but are without jurisdiction to remedy such cases.