

## Comments of the Independent Regulatory Review Commission



### Pennsylvania Public Utility Commission Regulation #57-320 (IRRC #3204)

#### Minimum Insurance Requirements for Motor Carriers of Passengers

September 5, 2018

We submit for your consideration the following comments on the proposed rulemaking published in the July 7, 2018 *Pennsylvania Bulletin*. Our comments are based on criteria in Section 5.2 of the Regulatory Review Act (71 P.S. § 745.5b). Section 5.1(a) of the Regulatory Review Act (71 P.S. § 745.5a(a)) directs the Pennsylvania Public Utility Commission (PUC) to respond to all comments received from us or any other source.

**Section 32.11. Passenger carrier insurance. – Reasonableness; Need; Fiscal impact; Less costly or less intrusive method of achieving the goal of the regulation for small businesses; implementation procedures.**

This proposed rulemaking will increase the amount of liability insurance a common or contract carrier of passengers (carriers) must maintain on each vehicle capable of transporting fewer than 16 passengers from \$35,000 to \$125,000 to cover liability for bodily injury, death or property damage incurred in an accident arising from authorized service.

The PUC has explained that the increase “will ensure that the public is adequately protected in the event of an accident while not imposing an insurmountable burden on passenger carriers operating smaller vehicles.” In support of this proposal, the PUC reviewed the minimum insurance requirements in other jurisdictions and concluded that the current minimum of \$35,000 is too low. The PUC also asserts that the increase will bring these minimum insurance requirements in line with requirements for transportation network companies (TCNs) in Pennsylvania.

As the PUC prepares the final-form rulemaking, we ask that the following questions and concerns be addressed. First, we acknowledge that existing minimum liability amounts are lower than those of other states, TCNs and federal requirements. How do the minimum liability amounts compare to the amounts required for carriers that operate under the jurisdiction of the Philadelphia Parking Authority? This information will assist this Commission in determining the reasonableness of the proposed regulation.

Second, a commentator has asked if the existing rates have caused any problems or are inadequate for the riding public. Does the PUC have data that demonstrates the inadequacy of the existing rates?

Third, a commentator is concerned that the proposed increase could force some carriers out of business and also raise rates for the riding public. Of particular concern are small and rural carriers that do not have the volume of rides that larger and urban carriers have on a regular basis. A less costly or less intrusive alternative for achieving the goal of the regulation could be to phase in the increase over a period of time. This would lessen the immediate fiscal impact that carriers would experience. We ask the PUC to consider this approach as it develops the final-form rulemaking. In addition, we ask the PUC to quantify and consider the potential increase in price for the riding public.

Fourth, Question 29 of the Regulatory Analysis Form (RAF) indicates that the effective date of the new requirement is when the final rulemaking is published in the *Pennsylvania Bulletin*. We question if this implementation schedule is reasonable. Has the PUC considered providing a later effective date to allow carriers to obtain the additional insurance coverage? If the PUC wants to require compliance upon publication of the final rulemaking, we ask the PUC to explain what steps will be taken to ensure the carriers have sufficient time to meet the new requirements.

Finally, the PUC states in the RAF and Preamble that existing Form-E is used to certify compliance with minimum liability insurance requirements. How will the PUC ensure that carriers are meeting the new minimum liability insurance requirements? Will a new or amended Form-E have to be filed with the PUC once additional insurance coverage is obtained? We ask the PUC to explain how it will implement the new requirement as it pertains to compliance.