UNITED STATES FIDELITY AND GUARANTY COMPANY

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COMMERCIAL LINES DEPARTMENT

August 13, 1993

FHWA Docket No MC 92-4
Room 4232, HCC-10
Office of the Chief Counsel
Federal Highway Administration
400 Seventh St., S.W.
Washington, D.C. 20590

FHWA-97-2180-40

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LEGS./REGS. DIV.

To Whom It May Concern:

The proposed rules for the intrastate transportation of hazardous materials will place a burden on insurers currently providing coverage to those most likely affected by financial requirements of the revised rules. Many smaller companies who provide a market on a local basis to such entities may not have the capacity to offer limits of $5,000,000.

Lack of capacity leads to lack of competition and eventually will lead to higher insurance costs for everyone. Increasing financial responsibility limits increases costs because risk is shared among all purchasers of insurance to make the coverage affordable. Higher limits will lead to higher awards and costs. The public has a perception that "the insurance company" has a lot of money. They are slow to realize that they eventually pay the costs.

The other issue that has not been addressed in the rulemaking is the issue of who will keep records of financial responsibility. Does DOT intend to maintain this information? Will the states maintain the evidence? Is it an honor system where the affected party merely checks off a yes box to indicate compliance?

We therefore find this proposed rule burdensome and discriminatory and we must go on record as being against this proposal.

Very Truly Yours,

Patricia S. Barkdoll

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Sr. Line Specialist

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