

UNITED STATES OF AMERICA
NATIONAL TRANSPORTATION SAFETY BOARD
WASHINGTON, D.C.

ISSUED: March 21, 1973

Adopted by the NATIONAL TRANSPORTATION SAFETY BOARD
at its office in Washington, D. C.
on the 7th day of March 1973.

FORWARDED TO:)
Honorable Claude S. Brinegar)
Secretary of Transportation)
Washington, D. C. 20590)

SAFETY RECOMMENDATION I-73-1

In the continuing effort to assess the field of transportation safety, the National Transportation Safety Board considers the costs of accidents. Difficulties experienced by the Safety Board in identifying the true accident costs and in reconciling costs which are reported indicate an area which warrants your attention. The safety problem arises from the incompatibility of accident-cost data available from different sources, and the masking of gross accident costs in the carriers' financial reports called for by agencies exercising economic regulation.

The inaccuracy and incompatibility of accident-cost data of the Department of Transportation and the economic regulatory agencies can be illustrated by the Safety Board's recent investigation of a railroad accident at East St. Louis, Illinois, in early 1972. Following that accident, the carrier (a railroad company with gross annual revenue of approximately \$13,000,000) routinely reported losses of \$685,000 to the Federal Railroad Administration, as required by 49 CFR 171. In response to the Safety Board's request for a comprehensive estimate of losses, the carrier furnished an estimate of "\$4,175,000+." The Illinois State Police furnished the Safety Board with an estimate of approximately \$7,500,000.

In view of these discrepancies, the financial reports of the carrier were examined. It was found that the regulations governing the uniform accounts for railroads prescribed by the economic regulatory agency (49 CFR 1201) contain at least six separate accounts to which portions of the expenditures

attributable to that accident would be charged. With such fragmentation of accident costs, there is no way in which the losses reported through the accident reporting system could be reconciled with the losses reported through the financial accounting system.

Another example of the incompatibility of available accident-cost data can be found by comparing the summary statistics of the safety regulatory agency with the financial statistics of an economic regulatory agency. The total accident losses reported to the Department's Federal Railroad Administration, as recorded in its Accident Bulletin No. 138, amounted to approximately \$130,000,000. In just two of the several accounts under which accident costs are accumulated, "clearing wrecks" and "injuries to persons," the Interstate Commerce Commission's Transport Statistics for the same year disclosed expenditures in excess of \$146,000,000. This also strongly indicates accident costs may be understated to the safety regulatory agency.

We have found similar difficulties in all modes. The accident expenditures reported to the Office of Pipeline Safety in the Department of Transportation cannot be reconciled with the amounts reported in accounts required by Federal Power Commission regulations 18 CFR 201, 204, or 205. The accounts required by the Civil Aeronautics Board under 14 CFR 241 through 244 cannot be used to identify gross accident costs for certificated air carriers. Accounts defined in 46 CFR 282 for regulated marine carriers pose the same difficulties, although the Maritime Administration is preparing to address such costs, for its own purposes. This problem of fragmented accounting for accident costs or incompatibility of reporting requirements also exists for liquid pipeline companies, passenger motor carriers, motor carriers of property, maritime carriers, and freight forwarders.

The difficulties and inconsistencies described the real need for a better approach for accumulating comprehensive, accurate, accident-cost data. Such an approach should:

- . identify the gross dollar amounts expended or charged to reserves for transportation accidents, on a comparable basis for all modes;
- . identify gross expenses incurred due to significant individual accidents;
- . reflect all monies spent by or on behalf of the carrier as a result of accidents;

- . identify the accident losses suffered by the major groups at risk in transportation, such as carriers, employees, passengers, bystanders, emergency personnel, shippers, trespassers, or pedestrians or other joint occupants of the system;
- . provide carrier management with a visible record of the true gross cost of accidents; and
- . provide accident expenditure data in a format which relates accident costs to the functional responsibilities of managers.

The uniform accounting requirements of the agencies involved with economic regulation of carriers appear to offer a practical opportunity to develop such data. All the considerations which might influence this approach, such as jurisdictional limitations, special modal accident definition problems, effects on data continuity, taxation, rates, or litigation have not been identified. However, the need for valid comprehensive accident-cost data in establishing safety measures merits the effort to develop such data.


The Safety Board is aware of the efforts by the Department to upgrade its accident information systems, but believes the difficulties described can not be resolved by the Department without the support of the several agencies exercising economic regulation of carriers. Some of these agencies are presently exploring related changes in their accounting requirements which might be conveniently expanded to address this need. Therefore, the Safety Board recommends that:

I-73-1 The Secretary of Transportation initiate a cooperative study with the Civil Aeronautics Board, the Federal Maritime Commission, the Federal Power Commission, the Interstate Commerce Commission, and the Maritime Administration to determine how the uniform accounting systems prescribed by these agencies might be utilized for the development of accurate, comprehensive carrier accident-cost data and, if feasible, arrange with these agencies for the adoption of appropriate amendments to their respective regulations.

The Safety Board would welcome an opportunity to participate in the establishment of the requirements of such a study, and would be pleased to make members of its staff available for this purpose.

This recommendation will be released to the public on the issue date shown above. No public dissemination of the contents of this document should be made prior to that date.

McAdams, Thayer, Burgess and Haley, Members, concurred in the above recommendation. Reed, Chairman, was absent, not voting.


By: John H. Reed
Chairman

78337

NATIONAL TRANSPORTATION
SAFETY BOARD
DEPARTMENT OF TRANSPORTATION
Washington, D.C. 20591

Official Business

PENALTY FOR PRIVATE USE, \$300

POSTAGE AND FEES PAID
NATIONAL TRANSPORTATION
SAFETY BOARD
DOT 513

