U.S. Department
of Transportation

Federal Motor Carrier
Safety Administration

Examining the Appropriateness of the Current Financial Responsibility and Security Requirements for Motor Carriers, Brokers, and Freight Forwarders – Report to Congress

A Report Pursuant to Section 32104 of the
Moving Ahead for Progress in the 21st Century Act (P.L. 112-141)

January 2026

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EXECUTIVE SUMMARY

On July 6, 2012, the President signed into law the Moving Ahead for Progress in the 21st Century Act (MAP-21), (Pub. L. No. 112-141, 126 Stat. 405). Section 32104 of MAP-21 directed the Secretary of Transportation to issue a quadrennial report to the Senate Committee on Commerce, Science, and Transportation and the House Committee on Transportation and Infrastructure on the appropriateness of the current minimum financial responsibility requirements for motor carriers of property and passengers, and the current bond and insurance requirements for freight forwarders and brokers. The report required under section 32104 was to be submitted to Congress six months after the "date of enactment" of MAP-21 and every 4 years thereafter.[1] The Secretary delegated the responsibility for this report to the Federal Motor Carrier Safety Administration (FMCSA).[2] FMCSA last submitted a report in May 2022.[3]

Pursuant to 49 U.S.C. § 31138 (for certain passenger carriers) and § 31139 (for certain property carriers) interstate motor carriers and interstate hazardous materials carriers are required to maintain minimum levels of financial responsibility. Brokers and freight forwarders, also known as transportation intermediaries, must maintain financial security to ensure the payment of claims made against them pursuant to 49 U.S.C. § 13906(b) and (c). This report explains the history of these requirements, details the current minimum financial responsibility levels for the different sectors, provides background on the motor carrier industry, and summarizes the findings of relevant studies on the adequacy of FMCSA's current required minimum levels of financial responsibility.

Congress established the current minimum financial responsibility levels for motor carriers of property, hazardous materials, and passengers in the 1980s. Over the past 45 years, medical costs and other costs of crashes have increased significantly. In the rare instances that fatal and severe/critical injury crashes do occur, the costs of resulting property damage, injuries, and fatalities can exceed the minimum levels of financial responsibility. However, consistent with FMCSA's previous reporting on data limitations, much of the information necessary for FMCSA to examine the adequacy of the current minimum financial responsibility requirements is not available, as many lawsuits are settled out of court and are subject to non-disclosure agreements. Moreover, insurance company information is largely proprietary. Accordingly, FMCSA can provide only a limited assessment of the appropriateness of the motor carrier financial responsibility requirements at this time. To assess the sufficiency of the financial responsibility requirements, FMCSA would need access to more detailed information from the insurance industry, including anonymized claims data at the person-level. To date, efforts to obtain this information under existing legal authorities and through requests for voluntary disclosure have been unsuccessful.

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[1] See MAP-21, Pub. L. No. 112-141, §32104, 126 Stat. 405, 782 (2012). Congress designated the date of enactment as October 1, 2012. See id., Pub. L. No. 112-141, §3, 126 Stat. 405 at 413.

[2] Congress established FMCSA within DOT on January 1, 2000, pursuant to the Motor Carrier Safety Improvement Act of 1999.

[3] Examining the Appropriateness of the Current Financial Responsibility and Security Requirements for Motor Carriers, Brokers, and Freight Forwarders—Report to Congress. Available at: https://www.fmcsa.dot.gov/sites/fmcsa.dot.gov/files/2022-05/Financial%20Responsibility%20Report%20to%20Congress-Final%20May%202022.pdf.

STATUTORY HISTORY OF FMCSA FINANCIAL RESPONSIBILITY AUTHORITY

The Federal Government has long required motor carriers, brokers, and freight forwarders to maintain certain levels of financial responsibility, either through insurance, a bond, or other financial security, as a means to protect the public in the event of a crash or to protect motor carriers and shippers from dishonest and financially unstable brokers. The Motor Carrier Act of 1935 first directed the establishment of Federal rules and regulations for interstate motor carrier operations that govern "security for the protection of the public."[4] Over time, Congress, the Interstate Commerce Commission (ICC), and the Department of Transportation (DOT) have taken numerous actions to address the levels of financial responsibility, with the most recent legislation being the Fixing America's Surface Transportation (FAST) Act, Pub. L. No. 114-94, 129 Stat. 1312 (Dec. 4, 2015).

MOTOR CARRIER ACT OF 1935

The first major legislative directive regarding financial responsibility levels for the motor carrier industry is found in the Motor Carrier Act of 1935, Pub. L. No. 74-255, 49 Stat. 543 (Aug. 9, 1935). In section 215 of the Act, former 49 U.S.C. § 315, Congress directed that no "certificate or permit shall be issued to a motor carrier or remain in force, unless such carrier complies with such reasonable rules and regulations as the [Interstate Commerce] Commission shall prescribe" governing security for the protection of the public.[5] The ICC issued regulations requiring the initial levels of financial responsibility for motor carriers beginning November 15, 1936.[6]

In accordance with section 211(c) of the Motor Carrier Act of 1935, former 49 U.S.C. § 311(c), the ICC decided that a person seeking authority to operate as a broker must furnish "a bond or other security approved by the Commission, in an amount of not less than $5,000, and in such form as will ensure the financial responsibility of such broker and the supplying of authorized transportation in accordance with the contracts, agreements, or arrangements therefore."[7] In 1977, the ICC increased the required amount of bonding to $10,000.[8] The ICC was abolished in 1995.

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[4] Section 215 of the Motor Carrier Act of 1935 (Pub. L. No. 74-255).

[5] 1 Fed. Reg. 1156, 1156 (1936).

[6] *Id.* at 1163. Congress later transferred responsibility for carrying out the financial responsibility authority of the ICC for the motor carrier industry to the Secretary of Transportation. Section 103, ICC Termination Act of 1995, Pub. L. No. 104-88, 109 Stat. 803, 885-887 (Dec. 29, 1995). Congress then assigned these duties to the Federal Motor Carrier Safety Administration. 49 U.S.C. 113(f)(1), enacted by section 101, Motor Carrier Safety Improvement Act of 1999, Pub. L. No. 106-159, 113 Stat. 1748, 1750 (Dec. 9, 1999).

[7] *Id.* at 1161.

[8] 42 Fed. Reg. 21782, 21783 (1977).

MOTOR CARRIER ACT OF 1980

The next significant legislation regarding financial responsibility was enacted on July 1, 1980, the Motor Carrier Act of 1980, Pub. L. No. 96-296, 94 Stat.793 (MCA). Section 30 of the MCA (former 49 U.S.C. § 10927 note) set minimum levels of financial responsibility for property-carrying motor carriers.

Congress, in the MCA, set the minimum financial responsibility level at $750,000 for the transportation of property, $5 million for certain transportation of certain hazardous materials, and $1 million for the transportation of hazardous materials consisting of "any material, oil, substance, or waste" that is not subject to the $5 million limit.[9]

The legislative history of section 30 indicates that setting minimum levels of financial responsibility would address two concerns. First, the minimum levels would "assure that public safety is not jeopardized" in connection with the increased entry to the industry due to deregulation.[10] Second, the minimum levels would ease concerns that the largely deregulated industry would put pressure on safe operators to cut costs to meet the prices of their competitors, "some of which may cut costs by operating in violation of minimum safety standards."[11]

BUS REGULATORY REFORM ACT OF 1982

On September 20, 1982, the President signed the Bus Regulatory Reform Act, Pub. L. No. 97-261, 96 Stat.1102 (the Bus Reform Act), into law. Section 18 of the Bus Reform Act (former 49 U.S.C. § 10927 note) updated the minimum levels of financial responsibility covering public liability and property damage for the transportation of passengers by for-hire motor vehicles in interstate or foreign commerce. These provisions, as amended, are codified at 49 U.S.C. § 31138.

The purpose of the financial responsibility provision of the Bus Reform Act was to create additional incentives for motor carriers to operate their buses in a safe manner and to assure that they maintain adequate levels of financial responsibility sufficient to satisfy claims covering public liability and property damage. The legislative history of section 18 indicates a congressional belief that the establishment of minimum levels of financial responsibility to enhance safety will also ensure that adequate sources of compensation are available to compensate those who may be injured while traveling by bus. It also represents a congressional belief, given the interstate nature of many motor carrier operations, that a single Federal standard for financial responsibility coverage will be more efficient for carriers and more equitable and certain for consumers.[12]

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[9] Section 30 of the Motor Carrier Act of 1980 (Pub. L. No. 96-296).

[10] H.R. Rep. No. 96-1069, at 6 (1980).

[11] *Id.* at 43

[12] 48 Fed. Reg. 52679, 52679 (1983).

The Bus Reform Act set minimum financial responsibility levels at $5 million for vehicles with a seating capacity of 16 or more passengers and $1,500,000 for vehicles with a seating capacity of 15 or fewer.

MOVING AHEAD FOR PROGRESS IN THE 21ST CENTURY ACT

On July 6, 2012, the President signed MAP-21, Pub. L. No. 112-141, 126 Stat. 405, into law. Section 32104 of MAP-21 (49 U.S.C. § 13903 note) directed the Secretary to issue a report on the appropriateness of (1) the current minimum financial responsibility requirements for the transportation of passengers and property; and (2) the current bond and insurance requirements for freight forwarders and brokers, including brokers for motor carriers of passengers. This section also directed the Secretary of Transportation to determine the appropriateness of these requirements every four years beginning April 1, 2013.

Section 32918 of MAP-21 amended 49 U.S.C. § 13906(b) and (c) to increase the financial security requirements for brokers to $75,000 and extended such requirements to freight forwarders for the first time. The higher financial responsibility amount was designed to ensure payment of claims arising from a broker's or freight forwarder's failure to pay freight charges for transportation services it may have arranged.[13] FMCSA issued rules implementing the $75,000 requirement on October 1, 2013.[14]

FIXING AMERICA'S SURFACE TRANSPORTATION (FAST) ACT

The President signed the FAST Act into law on December 4, 2015 (Pub. L. No. 114-94, 129 Stat.1312). Section 5509 (49 U.S.C. § 31138 note) requires FMCSA to consider certain factors prior to issuing any final rule increasing property carrier financial responsibility. Those factors include the following:

(1) The rule's potential impact on motor vehicle safety and the motor carrier industry;
(2) The ability of the insurance industry to cover revised financial responsibility requirements;
(3) The extent the current minimums adequately cover medical care, compensation, and other identifiable costs;
(4) The frequency with which insurance claims exceed the current minimums in fatal accidents; and
(5) The impact on motor carrier safety and accident reduction of increased levels.

Section 5509 also mandated, prior to initiating any rulemaking to change passenger carrier minimum financial responsibility levels, that FMCSA complete a study specific to passenger carrier financial responsibility.[15] In addition, section 5517 of the FAST Act required a report to

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[13] 49 U.S.C § 13906(b)(2)(A), (c)(2)(A).

[14] 78 Fed. Reg. 60226. FMCSA issued a final rule in furtherance of additional MAP-21 requirements pertaining to broker/freight forwarder financial responsibility in 2023. 88 Fed. Reg. 78656 (Nov. 16, 2023).

[15] FMCSA is not currently conducting a property or passenger carrier rulemaking.

Congress on minimum financial responsibility for motor carriers of property. FMCSA submitted a joint FAST Act and MAP-21 report to Congress in March 2018.

CURRENT LEVELS OF FINANCIAL RESPONSIBILITY

The current minimum financial responsibility levels for motor carriers of property took effect on January 1, 1985.[16] The minimum levels for motor carriers of passengers took effect on November 19, 1985.[17] Both of these levels are summarized in Table 1 below.

Table 1. Current Minimum Levels of Financial Responsibility for Bodily Injury/Property Damage by Type of Regulated Carrier

Regulated Carrier Category	Minimum Level
For-Hire Interstate General Freight Carriers	$750,000
For-Hire and Private Carriers of Oil and Certain Other Types of Hazardous Materials	$1,000,000
For-Hire and Private Carriers of Other Hazardous Materials	$5,000,000
For-Hire Passenger Carriers (Seating Capacity ≤15)	$1,500,000
For-Hire Passenger Carriers (Seating Capacity ≥16)	$5,000,000
For-Hire General Freight Carriers < 10,001 pounds Gross Vehicle Weight Rating (GVWR)[18]	$300,000

Effective October 1, 2013, section 32918 of MAP-21 required $75,000 in financial security for brokers and extended the financial security requirement to freight forwarders.

Table 2. Security Requirements for Brokers and Freight Forwarders

Regulated Transportation Intermediary	Security Level
Broker of Property	$75,000
Freight Forwarder	$75,000

In 2015, FMCSA denied a petition from the Association of Independent Property Brokers and Agents (AIPBA) seeking an exemption from the $75,000 requirement for all brokers and freight forwarders.[19] FMCSA denied the exemption, in part, because it was not in the public interest. *Id.* at 17146. AIPBA's successor organization, the Small Business in Transportation Coalition

[16] 49 CFR § 387.9.

[17] 48 Fed. Reg. 52679.

[18] 49 CFR § 387.303T(b)(1)(i). This regulation, originally promulgated by the ICC, only applies where the entire carrier's fleet contains vehicles below 10.001 pounds GVWR.

[19] 80 Fed. Reg. 17142 (Mar. 31, 2015).

(SBTC), filed a more limited request for exemption in 2019, which the Agency denied in December 2021.[20] FMCSA found that granting the exemption was not in the public interest.[21]

On November 16, 2023, FMCSA published the "Broker and Freight Forwarder Financial Responsibility" final rule in the Federal Register (Docket No. FMCSA–2016–0102), 88 Fed. Reg. 78656, implementing additional provisions of section 32918 of MAP-21. Regulated parties are required to comply as of January 16, 2026. 89 Fed. Reg. 107021 (Dec. 31, 2024). The rule will reduce and alleviate the effects of broker or trustee non-payment of claims by:

1. Adopting a definition of *assets readily available*.
2. Suspending a broker or freight forwarder's operating authority under certain conditions.
3. Creating a regulatory obligation whereby the surety or trustee must notify FMCSA of broker or freight forwarder financial insolvency.
4. Implementing a requirement from MAP-21 for suspension of a surety or trust fund provider's authority in certain conditions.
5. Removing loan and finance companies from the list of providers able to serve as trustees.

Together, these measures establish crucial safeguards and improve asset liquidity for the prompt payment of claims.

BACKGROUND ON THE MOTOR CARRIER AND TRANSPORTATION INTERMEDIARY/THIRD PARTY LOGISTICS INDUSTRIES

MOTOR CARRIERS OF PROPERTY

In 2024, the motor carrier industry transported 12 billion tons of freight.[22] As of December 2025, the industry consists of approximately 456,227for-hire property carriers that are required to file proof of financial responsibility with FMCSA.

MOTOR CARRIERS OF PASSENGERS

The passenger carrier industry is a highly diversified industry that provides many services. These include transit, school bus, charter, tour, sightseeing, airport shuttle, commuter, scheduled intercity travel routes, and scheduled interstate travel routes. Motorcoach companies in the United States, for example, transported individual passengers a total of 38 billion passenger miles in 2024.[23] The total number of FMCSA-registered interstate passenger carriers, as of December 2025, was 8,951.[24]

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[20] 86 Fed. Reg. 71538 (Dec. 16, 2021).

[21] *Id.* at 71542.

[22] U.S. Department of Transportation, Bureau of Transportation Statistics and Federal Highway Administration, Freight Analysis Framework, version 6.19, 2024. Available at: https://faf.ornl.gov/faf5/dtt_domestic.aspx.

[23] A passenger mile is defined as one person transported one mile. Estimates of passenger miles are based off an assumed average coachload of 25 travelers. American Bus Association Census 2025.

[24] Motor Carrier Management Information System, as of January 2026.

TRENDS IN CRASH STATISTICS

Table 3 depicts the number of total crashes by vehicle type between 2020 and 2023 and the total number of fatal crashes involving large trucks and buses.[25]

Table 3. Total Crashes by Vehicle Type and Fatal Crashes Involving Large Trucks and Buses, 2020-2023

Year	Large Truck Crashes	Bus Crashes	Fatal Crashes Involving Large Trucks	Fatal Crashes Involving Buses
2020	407,000	33,000	4,423	164
2021	494,000	48,000	5,149	204
2022	503,676	52,783	5,279	213
2023	495,356	59,931	4,896	241

TRANSPORTATION INTERMEDIARIES (BROKERS AND FREIGHT FORWARDERS)

Transportation intermediaries are third-party logistics companies that match the transportation demands of shippers with the corresponding capacity and special equipment offered by motor, rail, air, waterway, and oceangoing carriers. Transportation intermediaries involved in the trucking industry are licensed by FMCSA as either brokers or freight forwarders.

<u>Brokers</u>
FMCSA defines a broker in part as "a person who, for compensation, arranges, or offers to arrange, the transportation of property by an authorized motor carrier."[26] As of December 2025, FMCSA's Licensing and Insurance database listed 25,127 registered brokers.

<u>Freight Forwarders</u>
FMCSA defines a freight forwarder as "a person holding itself out to the general public (other than as an express, pipeline, rail, sleeping car, motor, or water carrier) to provide transportation of property for compensation in interstate commerce, and in the ordinary course of its business: (1) [p]erforms or provides for assembling, consolidating, break-bulk, and distribution of shipments; (2) [a]ssumes responsibility for transportation from place of receipt to destination; and (3) [u]ses for any part of the transportation a carrier subject to FMCSA jurisdiction."[27] There are 1,875 freight forwarders registered with FMCSA as of December 2025.

[25] A large truck is defined as a truck with a gross vehicle weight rating greater than 10,000 pounds. A bus is defined as a vehicle with seats for at least nine people, including the driver. National Center for Statistics and Analysis. Traffic Safety Facts. Available at: https://www.fmcsa.dot.gov/sites/fmcsa.dot.gov/files/2024-04/FMCSA%20Pocket%20Guide%202023-FINAL%20508%20-%20April%202024.pdf.

[26] 49 CFR § 371.2 (a).

[27] 49 CFR § 386.2.

2014 FINANCIAL RESPONSIBILITY ANPRM

On November 28, 2014, FMCSA issued an Advance Notice of Proposed Rulemaking (ANPRM) to solicit public input pertaining to a potential increase in the motor carrier minimum financial responsibility requirements. 79 Fed. Reg. 70839. While FMCSA received almost 2,200 public comments in response to the ANPRM, the Agency withdrew the ANPRM due to "insufficient data or information to support moving forward with a rulemaking proposal…." 82 Fed. Reg. 25753, 25754 (Jun. 5, 2017). The comments FMCSA received in response to the ANPRM did not provide sufficient cost or benefit data nor was the Agency independently able to obtain sufficient data to inform policy changes. *Id.*

Specifically, commenters did not provide sufficient cost or benefit data, and the Agency was unable to otherwise obtain sufficient data on industry practice with respect to the level of liability limits in excess of the Agency's minimum financial responsibility requirements, the cost of such premiums and the frequency thereof, and the amount by which bodily injury and property damage claims exceed policy liability limits. *Id.*

FINDINGS FROM PREVIOUS STUDIES

VOLPE STUDY

In January 2013, FMCSA funded a study conducted by DOT's John A. Volpe National Transportation Systems Center (Volpe), titled "Financial Responsibility Requirements for Commercial Motor Vehicles." The Volpe study examined whether the minimum financial responsibility requirements under 49 U.S.C. §§ 31138-31139 should be raised, weighing the benefits of improved compensation for crash victims, internalization of freight and passenger transportation costs, and reductions in truck and bus-involved crashes, against costs imposed on commercial motor vehicle (CMV) operators, the insurance industry, and other relevant considerations.

Highlights from the 2013 study are presented below:

- **Catastrophic motor carrier-related crashes are relatively rare.** Volpe estimated that catastrophic crashes, resulting in injury, death, or property damages that exceeded the current minimum levels of financial responsibility, comprised less than one percent of all CMV crashes.

- **Costs for severe and critical injury crashes can easily exceed $1 million.** The analysis revealed that two categories of injury crash (severe and critical) yield damages of more than $1 million, in nominal terms, using the DOT's recommended value of a statistical life (VSL) of $6.2 million that was in effect at that time.[28]

[28] U.S. Department of Transportation Memorandum to Secretarial Officers and Modal Administrators, July 29, 2011. As of 2024, DOT's recommended VSL is $13.2 million. Available at: https://www.transportation.gov/office-policy/transportation-policy/revised-departmental-guidance-on-valuation-of-a-statistical-life-in-economic-analysis.

- **Insurance premiums have declined in real terms since the 1980s.** The analysis revealed the stability of insurance rates over the last three decades prior to the issuance of the report. Insurance rates for the same level of coverage (*e.g.*, $750,000 or $1 million) declined slightly on average in nominal terms, hovering around $5,000 per power unit (truck or bus). The real values (*i.e.*, inflation adjusted) of insurance rates also declined. However, analysis of American Trucking Research Institute (ATRI) data shows that average truck insurance premiums per mile have generally increased in nominal dollars between 2015 and 2024, from $0.074 per mile to $0.102 per mile.[29] Similarly, the real values of insurance rates increased in this time period, diverging from the trend seen in the time period that the 2013 study examined.

- **Current insurance limits did not adequately cover catastrophic crashes, mainly because of increased medical costs.** The decreasing real value of the current minimum levels of financial responsibility is effectively removing the function of insurance in covering catastrophic crashes. From 1985 to 2024,[30] the medical consumer price index (CPI) increased at a significantly higher rate than the core consumer price index (4.21 percent annually for medical care, compared to 2.80 percent for core). In fact, the medical consumer price index has outpaced overall inflation in all but five of those 39 years. As depicted in Table 4, the core CPI-adjusted level for general freight coverage is approximately $2.2 million; the medical CPI-adjusted level is approximately $3.7 million.

Table 4. Inflation Adjusted Levels of Financial Responsibility by Carrier Type[31]

Carrier Type	1985 Liability Limit Required	2024 Inflation Adjusted Liability Limit Core CPI	2024 Inflation Adjusted Liability Limit Medical CPI
General Freight	$750,000	$2,192,825	$3,725,822
Hazardous materials (Low)	$1,000,000	$2,923,767	$4,967,762
Hazardous materials (High)	$5,000,000	$14,618,836	$24,838,811
Small Bus	$1,500,000	$4,385,651	$7,451,643

[29] Leslie and Murray, "An Analysis of the Operational Costs of Trucking: 2025 Update." Available at: https://truckingresearch.org/2025/07/an-analysis-of-the-operational-costs-of-trucking-2025-update/.

[30] The Volpe study listed CPI and medical CPI from 1985 to 2013. FMCSA updated this figure to 2024 for the purpose of this report.

[31] Values are inflated using data from the U.S. Bureau of Labor Statistics (BLS) Consumer Price Index (CPI-U). Specifically, the Core CPI (Series ID: CUUR0000SA0L1E) and Medical CPI (Series ID: CUUR0000SAM) are employed, utilizing the following formula. $Value\ in\ 2024\ Dollars = Value\ in\ 1985\ Dollars\ \times \left(\frac{CPI\ in\ 2024}{CPI\ in\ 1985}\right)$. Available at: https://data.bls.gov/toppicks?survey=cu.

Large Bus	$5,000,000	$14,618,836	$24,838,811

- **Comprehensive data on premiums that motor carriers would incur to meet higher coverage limits were not available.** The insurance underwriting process is specific to individual motor carriers (*e.g.*, the size of the fleet, type of operation, vehicle miles traveled, safety performance records (including previous crashes), etc.), and there are no uniform pricing practices (other than limits that might be imposed by State regulations). The study, therefore, did not assess potential insurance premium increases as a regulatory cost.

- **Though focused mainly on freight carriers, the study findings are applicable to passenger and hazardous materials carriers.** Although the study did not focus on the motorcoach industry or hazardous materials carriers, FMCSA considers its findings applicable to these operations.

EXTERNAL STUDIES

The Pacific Institute for Research and Evaluation (PIRE),[32] the Alliance for Driver Safety and Security, Inc. (the Trucking Alliance), and the American Trucking Associations (ATA), have studied the appropriateness of the current minimum insurance levels for motor carriers. FMCSA has not independently verified the information relied on in the external studies.

PIRE published its most recent report in 2013.[33] It examined the appropriateness and effectiveness of current minimum levels of financial responsibility for motor carriers of property. This report assessed the adequacy of the current minimum level of $750,000 for large trucks carrying property in interstate commerce by examining the costs and damages associated with serious large truck crashes, and concluded the current minimum levels are too low.

The Trucking Alliance, a safety advocacy coalition of freight and logistics companies, promotes increasing the Federal minimum insurance requirements for trucking companies. The Trucking Alliance reviewed crash settlement data[34] that it compiled from its membership. Its March 2013 analysis showed the current $750,000 of insurance required of many motor carriers is inadequate to cover the costs of many crashes. Member companies of the Trucking Alliance voluntarily tracked 8,692 accident settlements between 2005 and 2011. The data show that 42 percent of the trucking companies' monetary exposure from these settlements would have exceeded their insurance coverage had all companies in the study maintained the minimum $750,000 insurance requirement. The Agency is not aware of any follow-up reports.

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[32] PIRE is an independent, nonprofit organization that works on grant and contract funded research studies.

[33] Pacific Institute for Research and Evaluation, "Potential Damages in Heavy Truck Crashes," March 2013. Available at: https://trucksafety.org/wp-content/uploads/2013/05/sts2013-truck-damages.pdf.

[34] The Trucking Alliance, Press Release "Study Shows Trucking Companies Underinsured," June 4, 2013.

In 2013, ATA, a trade association representing the trucking industry, conducted a review[35] of the appropriateness of the current minimum insurance requirements with data obtained from the Insurance Services Office (ISO), an insurance advisory company. The ATA's analysis is based on ISO data, under nondisclosure agreements, from two of the 10 largest trucking insurers that covered all their large truck (over 26,000 pounds) policies. According to ATA, ISO's data shows that only 6.5 percent of insurance policies for trucks over 26,000 pounds are written at limits less than $1 million (not considering umbrella or excess coverage), while 83 percent are written at $1 million, with the remaining 10.5 percent written for more than $1 million. In its analysis of the ISO data, ATA found that there is a 1.40 percent chance of a claim involving a crash exceeding $500,000, a 0.73 percent chance of a claim exceeding $1 million, and a 0.31 percent chance of a claim exceeding $2 million.

More recently, ATRI, ATA's research arm, compiled litigation data for 600 cases between 2006 and 2018.[36] ATRI looked specifically at case information with jury awards over $1 million. ATRI's study found the number of cases with verdicts over $1 million increased by a factor of nine from 2010 to 2013 and the dollar value of cases has also increased. The mean dollar value of jury awards over $1 million between 2006 and 2018 was $3.1 million and the median jury award was $1.75 million. Between 2005 and 2011, there were 79 verdicts over $1 million, while between 2012 and 2019 there were 265 such cases, representing an increase of 235 percent. While the average verdict over the 13-year period between 2006 to 2018 was $3.1 million, the average size of a verdict over the 9-year period from 2010 to 2018 was $22.3 million. ATRI noted that when inflation and healthcare costs were accounted for, the average verdict increased between 36.5 and 37.6 percent faster than inflation or healthcare costs. ATRI asserts the increase in excess of inflation and medical costs implies other unknown factors may be affecting verdict awards.

Verdict and settlement cost concerns are found throughout ATRI reporting. ATRI reports lawsuit abuse or tort reform as a top 10 issue in the annual *Critical Issues in the Trucking Industry* report in all years between 2020 and 2024.[37] The issues surrounding verdict and settlement amounts in the trucking industry continue to be a priority research topic, and ATRI plans to update the 2020 report focusing on "nuclear" verdicts.[38]

"Nuclear" verdicts are not unique to the trucking industry. A recent analysis by Marathon Strategies reveals a significant surge in these verdicts nationwide. The median nuclear verdict against corporate defendants increased from $21 million in 2020 to $51 million in 2024, with the total number of such verdicts reaching a record high of 49 in 2024. Sectors experiencing the

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[35] American Trucking Associations, "Insurance Study Group Findings," Archived by the Wayback Machine, October 2015. Available at: https://web.archive.org/web/20151016215937/http://www.trucking.org/ATA%20Docs/What%20We%20Do/Trucking%20Issues/Documents/Insurance%20Study%20Group%20Findings.pdf.

[36] American Trucking Research Institute, "Understanding the Impact of Nuclear Verdicts on the Trucking Industry," June 2020. Available at: https://truckingresearch.org/2020/06/understanding-the-impact-of-nuclear-verdicts-on-the-trucking-industry/.

[37] The American Trucking Research Institute, "Critical Issues in the Trucking Industry – 2024," October 2024, https://truckingresearch.org/2024/10/critical-issue-in-the-trucking-industry-2024/.

[38] "ATRI Releases New Research Priorities for 2024," American Transportation Research Institute, May 28, 2024, https://truckingresearch.org/2024/05/atri-releases-new-research-priorities-for-2024/.

largest of these substantial verdicts in 2024 include beverages, movies and entertainment, fertilizers and agricultural chemicals, construction and engineering, and technology hardware, storage and peripherals. While each case is unique, Marathon suggests that these verdicts may be driven by a “myriad of reasons” not germane to the verdict itself, such as corporate mistrust, social pessimism, erosion of tort reform, etc.[39]

In a 2019 report, *U.S. Motor Carrier Exit: Prevalence and Determinants,*[40] the authors hypothesize that motor carriers with a higher crash rate will have a higher likelihood of exit and find that the hypothesis that higher crash rates increase the likelihood of exit from the industry is supported by data examining carrier exit.

CONCLUSION

The existing minimum financial responsibility requirements for motor carriers transporting property, hazardous materials, and passengers were established in the 1980s. Since then, the landscape of crash costs in excess of the current minimum insurance levels, particularly medical expenses, has evolved, leading to a disparity between current minimums and the actual costs incurred in some fatal and severe/critical injury incidents. In the infrequent but devastating occurrences of fatal and severe/critical injury crashes, the resulting damages, especially those involving fatalities, can significantly exceed the mandated minimum levels of financial responsibility.[41]

FMCSA faces persistent challenges in comprehensively evaluating the adequacy of these requirements. Most of the published reports and publicly available data sources on the adequacy of current minimum insurance levels are not subject to frequent revisions. This means that there is limited new information or analysis for FMCSA to consider beyond what has been presented in previous reports and studies on this topic. A substantial portion of relevant information remains inaccessible to the Agency due to several factors including, many lawsuits are settled confidentially under non-disclosure agreements, and a significant amount of insurance company data is proprietary. Consequently, FMCSA’s ability to provide a thorough assessment of motor carrier financial responsibility requirements is limited. To determine the sufficiency of the financial responsibility requirements, FMCSA would need access to more granular data from the insurance industry, including anonymized claims information at the person-level.

[39] Marathon Strategies, “Corporate Verdicts Go Thermonuclear,”. Available at: https://marathonstrategies.com/wp-content/uploads/2025/05/Nuclear-Verdicts-Report-2025.pdf

[40] Laharish Guntuka et al., “U.S. Motor-Carrier Exit: Prevalence and Determinants,” *Transportation Journal* 58, no. 2 (April 1, 2019): 79–100. Available at: https://doi.org/10.5325/transportationj.58.2.0079.

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