



Blog by Tommy Ruke, The King Pin – Leading Expert in Truck Insurance

Current Issues

Congress is getting involved in concerns of motor carriers with FMCSA. The results of Congress' actions will be interesting and could affect insuring motor carriers. As most of you know, and as addressed in a previous blog, MAP-21 required FMCSA to review the minimum insurance limit requirements for interstate for-hire motor carriers. As most of you know, current requirements are:

- \$750,000 for for-hire interstate general freight carriers
- \$1,000,000 for for-hire private carriers of oil and hazardous materials
- \$5,000,000 for for-hire and private carriers of other hazardous materials
- \$1,500,000 for for-hire passenger carriers of 15 or fewer seats
- \$5,000,000 for for-hire passenger carriers with more than 15 seats
- \$300,000 for for-hire general freight carriers of less than 10,001 pounds

These were established with the Motor Carrier Act of 1980 effective 1985.

The report mandated by MAP-21 “found” that current levels were not enough and referred the question to a study to establish the proper limits.

The article published in Insurance Journal points out that “ISO data from the large insurers found only 6.5 percent of trucks over 26,000 have limits under \$1,000,000.” They also sighted an ATA study that found only 1.40 percent of claims exceeded \$500,000 AND 0.73 topped \$1,000,000. ISO data showed 85,632 reported crashes had an average cost per occurrence of \$11,229 for the past five years. So the decision in “what do you mean that required limits have not increased since 1985 – given inflation, limits should be over \$4,000,000 ” vs most everyone already has limits over \$1,000,000 and increase is not needed because less than 1.40% of claims totals exceed \$500,000 and increase will cost a “smaller” trucker a lot. The article quotes a few people who are on both sides of the limit increase recommendation.

Then came the news last week that “House Votes to Block Raising Truckers’ Minimum Insurance Limits” as reported again by Insurance Journal and Transport Topics. So FMCSA will request that limits need to be increased and House bill said they can’t. Interesting conflict. Still not law at this time. Only passed in the House.

Another issue that I have brought to your attention is that Anne Ferro is not concerned with the motor carrier industry but rather with the public and at any cost. “OOIDA Calls on FMCSA’s Ferro to Resign, Claiming ‘Bias’ Against Trucking Industry” as reported in Transport Topics 6/18/14 edition. One of Ms. Ferro’s comments that lead to OOIDA’s request was that to count HOS regulation, particularly the “restart”

provision prevents crashes, based on FMCSA statistics, even after ATRI's report that showed flaws in the report. Sen. Susan Collins (R – Maine) proposed a bill that would lift the restriction of FMCSA's 34 hour restart that now can only be used once a week (168 hours). The transportation industry is strongly in favor of this, but then the high profile crash of a limo occupied by actor Tracy Morgan, where it has been reported that the driver "had not slept for 24 hours" and crash investigation raised questions about trucker's work schedule. Teamster President Hoffa quoted "Preliminary findings in this case clearly show truck drivers are pushing beyond the limits of current HOS rules." Therefore the HOS should not be changed. So now the FMCSA regulation is being discussed, not only with motor carriers but also with Congress and industry associations.

There have been a number of reports that the providers of insurance to motor carriers are not realizing the positive results that other insurance carriers of the property and casualty insurance industry have experienced post-recession. I am sure I don't have to remind you of the "hard" market for motor carriers. What FMCSA does with limits and HOS will have an impact on insuring motor carriers. If Congress does stop the request to modify the HOS, will they call on Ms. Ferro to be replaced and, if so, who will the President replace her with?

Continuous changing of regulations effect on motor carriers –

How do you as a provider of service stay informed? Beyond reading all you can, hopefully these blogs help. You might want to plan to be in attendance at the MCIEF Annual Conference in Orlando 10/16 & 17, where these and other issues will be addressed. This year we have added an "after" conference session to address the state of the transportation insurance marketplace.