



LASHLY & BAER, P.C.
ATTORNEYS AT LAW

MISSOURI

714 Locust Street
St. Louis, MO 63101-1699
TEL: 314 621.2939
FAX: 314 621.6844
www.lashlybaer.com

ILLINOIS

20 East Main Street
Belleville, IL 62220-1602
TEL: 618 233.5587
By Appointment Only

FMCSA Initiates Rulemaking Process to Update the Financial Responsibility of Commercial Carriers

By: [Patrick Foppe](#), member at Lashly & Baer, P.C.

On July 6, 2012, President Obama signed into law the Moving Ahead for Progress in the 21st Century Act (MAP-21; P.L. 112-141). Section 32104 of MAP-21 directed the Secretary of the U.S. Department of Transportation (DOT) to issue a report to Congress 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. Section 32104 also directed the Secretary to issue a report on the appropriateness of these requirements every 4 years starting April 1, 2013. The Secretary of Transportation delegated the responsibility for this report to the Federal Motor Carrier Safety Administration (FMCSA).

On April 18, 2014, the FMCSA reported to Congress that current financial responsibility minimums for the commercial motor vehicle industry are inadequate to meet the costs of some crashes. The agency's report to Congress includes findings from a recent study that weighed the benefits of increasing insurance minimums, including improved compensation for crash victims and reductions in commercial vehicle crashes, against costs imposed on commercial motor vehicle operators and the insurance industry. The FMCSA analysis shows that the costs for catastrophic accidents often exceed \$1 million. The FMCSA concluded that the current insurance limits do not adequately cover these costs. The agency has formed a rulemaking team to further evaluate the appropriate level of financial responsibility for the motor carrier industry.

The report does not examine the current bond and insurance requirements for freight forwarders and brokers since MAP-21 mandated these requirements to be \$75,000 effective October 1, 2013, and the FMCSA will report on the appropriateness of these levels after it has had the opportunity to observe their impacts.

The full report to Congress can be found at: <http://www.fmcsa.dot.gov/mission/policy/report-congress-examining-appropriateness-current-financial-responsibility-and>.

For more information, please contact your Lashly & Baer attorney, or Patrick Foppe at 314-621-2939, or at pfoppe@lashlybaer.com