

P M A A W E E K L Y R E V I E W

FMCSA WITHDRAWS INSURANCE LIABILITY RULEMAKING

In another victory for petroleum marketers, on Monday the Federal Motor Carrier Safety Administration (FMCSA) officially withdrew a rulemaking intended to explore the pros and cons of increasing liability insurance minimums for motor carriers. The agency is withdrawing the rule because of a lack of data from insurance providers and carriers.

PMAA has opposed the increase since it was proposed in the November 28, 2014 Advanced Notice of Proposed Rulemaking (ANPR). FMCSA had publicly entertained the idea of increasing requirements to as much as \$4.5 million per truck for general freight, and a hike to as high as \$10 million for petroleum marketers from the current \$750,000 in liability insurance for general freight, \$1 million for home heating oil and \$5 million for gasoline and other hazardous materials. Under this scenario, premiums would have been increased approximately 500 percent. Current requirements have been more than sufficient in ensuring over 99 percent of claims filed in motor vehicle crashes are fully covered since they were implemented subsequent to the passage of the Motor Carrier Act of 1980. In the rare instance that coverage is not adequate, claimants can pursue compensation in court for damages not covered by the carrier's insurance (assuming the motor carrier is at fault). FMCSA's ANPRM also ignored current market forces in the insurance industry that increase financial responsibility minimums when necessary to provide full coverage for damages based on risk. Ultimately, companies that could not afford the increase would have gone out of business, resulting in less competition and increased prices. Furthermore, some insurance companies may not have been able to underwrite this level of exposure.

Petroleum marketers in town for PMAA's 2015 Washington Conference "Day on the Hill" educated Congress on why there was no need to increase insurance minimums. PMAA joined other groups in a letter in support of language that was included in the 2015 Transportation-Housing spending bill which would have prohibited the FMCSA from using funds to issue and implement new Motor Carrier Financial Responsibility requirements. To review the letter, click [here](#).