



## Owner-Operator Independent Drivers Association

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Dear Member of Congress,

Recently, Reps. Chuy Garcia (IL-4) and Matt Cartwright (PA-8) introduced legislation to increase the minimum level of financial responsibility for trucking companies operating in interstate commerce. The Congressmen and their allies at the American Association for Justice (AAJ) – which represents trial lawyers – continue to share misleading information in an effort to generate support for their misguided proposal, H.R. 3781 (the INSURANCE Act).

OOIDA, which proudly represents more than 159,000 of our nation's small-business truckers, would like to set the record straight on the real impacts this legislation would have on highway safety and our industry, as well as why its supporters are so eager to see the bill enacted.

First, some basics. Federal law requires motor carriers engaged in interstate commerce to carry at least \$750,000 in liability coverage (\$5 million for those hauling hazardous materials), although the vast majority of carriers are insured at \$1 million or more. Having additional coverage is obviously not required, but the insurance industry tends to naturally adjust levels based on market conditions (more on this later). If enacted, H.R. 3781 would increase rates from \$750,000 to a whopping \$4,923,154. Small business truckers would quickly see their premiums at least triple.

Contrary to claims by those who will benefit financially from an increase in insurance minimums (i.e. trial lawyers), this will do absolutely nothing to improve highway safety. Period. Reps. Garcia and Cartwright, along with the AAJ, have no reputable research indicating it would. And they never will, because there is no correlation between insurance coverage and highway safety. In fact, increasing insurance minimums would likely force many owner-operators – who are collectively among the safest, most experienced drivers on the road – out of the industry because premiums would become unaffordable. As a result, H.R. 3781 would actually decrease highway safety, not improve it.

Proponents of the bill believe today's insurance requirements need to be increased simply because they haven't been raised since the 1980s. This erroneously assumes the insurance industry only provides coverage at the federally-mandated levels. Again, most motor carriers are insured at least \$250,000 above the minimum threshold because that's what the market dictates. As David Golden, Vice President of Commercial Lines, Property Casualty Insurers Association of America, explained in 2013, "The free market does a good job of determining the appropriate level of insurance and the appropriate rates, and does this regardless of the financial responsibility requirements that the government sets." This is still true today.

Reps. Garcia and Cartwright, as well as the AAJ, want you to believe the rising cost of healthcare for those involved in a crash justifies an increase in insurance minimums. Unfortunately, research indicates this is patently false.

As required by MAP-21, the Federal Motor Carrier Safety Administration (FMCSA) commissioned the John A. Volpe Transportation Systems Center (Volpe) to research this issue in greater detail. In 2014, Volpe released its report, which explained, “The **vast majority** of CMV-caused crashes have relatively small cost consequences, and the costs are easily covered with the limits of mandatory liability insurance [emphasis added].” If you’re wondering if this includes some of the most costly crashes, Volpe adds, “A small share exceed the mandatory minimum but are often covered by other insurance or assets.”

If two Congressmen and the nation’s trial lawyers are convinced insurance minimums need to be increased to ensure those involved in crashes receive sufficient judgments and settlements, surely there must be examples of catastrophic crashes that exceed today’s requirements. Again, Volpe helps put these rare occurrences into perspective by stating, “A final portion of high-cost crashes would fall outside compensation instruments even if the minimum liability were raised.” In short, these exceptional cases are often times so expensive that no level of insurance would cover them. We would also point out that, according to Volpe, only 0.06% of crashes result in damages that exceed today’s minimum coverage limits.

So what is the point of H.R. 3781?

It should come as no surprise that AAJ is pursuing this bill, as trial lawyers typically receive 30-40% of a judgment or settlement against a motor carrier – and sometimes more. For AAJ, H.R. 3781 is a shrewd, if not unabashedly transparent piece of legislation – mandating an increase in coverage limits will exponentially boost their portion of a judgment or settlement. Perhaps no one in Congress is more familiar with this than one of the lead sponsors of H.R. 3781, Rep. Cartwright, who before being elected to Congress made a small fortune by suing trucking companies. In fact, Rep. Cartwright remains a profit-sharing member of his family’s law firm, who very publicly boasts about winning major settlements from crashes involving trucks.

Obviously, when looking for a champion for the INSURANCE act, AAJ didn’t have to search extensively, especially considering Rep. Cartwright’s wife is currently chair of AAJ’s Trucking Litigation Group. This is both convenient and brazen. However, to be clear, none of this constitutes an ethics violation because H.R. 3781 would benefit all trial lawyers - not just its legislative champion and his family’s law firm. Ultimately, it’s merely another reason this bill is appalling.

What remains most important is H.R. 3781 does nothing to improve highway safety. Rather, it imposes yet another unnecessary and expensive federal mandate that will force the safest and most experienced truckers off the road, while further lining the pockets of our nation’s trial lawyers. There are so many other proven ways to reduce crashes and improve safety without eviscerating the livelihood of our nation’s hard-working, small-business truckers. As a reminder, 96% of registered motor carriers in the U.S. are small businesses. For these reasons, OOIDA adamantly opposes H.R. 3781 and encourages all Members of Congress to do the same.

Sincerely,



Todd Spencer  
President  
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