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How Montgomery v. Caribe Will Reshape Truck Insurance

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Montgomery v. Caribe just made broker insurance a crisis, and carriers are paying the price.

The case opened broker liability exposure that nobody was pricing for. Insurance premiums are rising. Coverage is fragmenting across the marketplace. And worse: brokers are about to demand that motor carriers carry limits high enough to settle cases before the broker's policy even kicks in.

This isn't just a legal win for plaintiffs. It's an insurance market restructuring that will force capacity out of trucking and shift cost to every shipper in America.

Tommy Ruke, a leading insurance strategist, just explained how it all works, and what carriers need to do immediately.

Why It Matters

Three reasons this reshapes the industry:

1. **Brokers need real coverage that contingency policies might not provide**
   Most brokers bought "contingency" insurance that only covers gaps in the motor carrier's policy. Under *Montgomery v. Caribe*, a broker gets sued for its own negligence, not the carrier's. The old contingency policy may not pay. Brokers now need primary coverage.
2. **Motor carriers are about to face harder broker vetting**
   Insurance underwriters of a broker's liability will demand proof: What standard do you use to select carriers? CSA scores? Driver qualifications? On-board cameras? Brokers will adopt the same underwriting scrutiny applied to a carrier's liability. If you can't prove your hiring and supervision practices, you don't get loads from quality brokers. Smaller operators get squeezed out first.
3. **The perfect storm is real**
   FMCSA has pending regulations in queue. Insurance minimums are expected to rise. At the same time, ELDs, CSA rules, and compliance costs are already spiking. How will a small carrier absorb all these pressures?

The Details

Three questions every broker should ask their insurance agent (and get in writing):

1. Will my policy cover me if I'm named in a negligent hiring suit against a motor carrier?
2. If my policy has to defend me, is it primary or excess to the motor carrier's policy?
3. What are the dollar limits, and what scenarios are excluded?

These are answers brokers must get from their insurance agent now, before the accident, rather than after, when the answer comes as the product of uncertain (and expensive) litigation.

The Bottom Line

- Review your broker's contract language; it's about to tighten. Brokers will require written standards for your safety rating (a "conditional" rating will be a problem), driver qualifications, CSA scores, and maintenance compliance.
- CSA scores must be monitored and, if increasing, immediate action is required.
- Invest in on-board video. Underwriters will expect it, if not require it. Technology becomes a litigation defense tool, not just a compliance checkbox.

- Expect the insurance required by brokers to increase. Watch the 91X filing limit. Standard practice for most insurance providers is to reflect the government-required limit, not the policy limit, so make sure your agent sends the broker a COI reflecting your policy's actual limits.
- Understand indemnification pressure. Brokers will ask carriers to hold them harmless for negligent hiring. This is legally questionable in most states (all but four have anti-indemnity laws). Get legal counsel before signing.

For a full deep dive with Tommy Ruke, Founder of the Motor Carrier Insurance Education Foundation, on policy forms, insurance companies' positioning, and the underwriting standards that will dominate the next 24 months, click here to watch the video and click here to listen to the podcast.

If you or your company have questions about broker liability exposure, please contact me or any member of the Saxton & Stump Trucking and Commercial Transportation Group.

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