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Curbing the Limousine Insurance Crisis

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Curbing the Limousine Insurance Crisis: For-Hire Vehicle Insurance Reform

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Purpose

This report, prepared by Matthew W. Daus for the National Limousine Association (NLA), provides an in-depth examination of the rising cost of commercial auto insurance for executive sedan, limousine, and broader for-hire vehicle operators across the United States. It is intended to inform industry stakeholders—including operators, insurers, and policymakers—of the systemic challenges contributing to these cost increases and to offer a roadmap for meaningful reform.

The report examines historical trends in commercial auto insurance premiums, identifying key cost drivers, including increased claims frequency and severity, legal and regulatory pressures, technological disruptions, and broader economic forces such as inflation and climate-related events. It contextualizes these challenges within the realities of operating a for-hire vehicle business, emphasizing their implications for operator viability and consumer affordability.

To address these issues, the report presents a comprehensive framework of immediate, short-term, and long-term strategies. These include risk management practices, regulatory adjustments, and alternative insurance models designed to stabilize costs and ensure the continued sustainability of limousine services nationwide.

The NLA and its members are committed to a premium, safety-first service model grounded in professionalism, reliability, and continuous improvement. The limousine industry prides itself on exceeding baseline legal requirements through rigorous driver vetting, preventative maintenance, and proactive risk management. This report advances reforms that recognize and reward operators who invest in safer, more reliable service for passengers.

Executive Summary

The commercial auto insurance industry is facing a period of sustained financial stress—driven by rising claim costs, fraud, litigation, and environmental volatility—and the impact has been particularly acute for limousine and for-hire vehicle operators. Premiums have surged, underwriting losses have persisted, and many operators now face reduced policy availability and higher deductibles, even with clean records.

This report, commissioned by the National Limousine Association (NLA) and authored by Matthew W. Daus, examines the root causes behind escalating premiums, their impact on limousine operators, and practical solutions for relief. It draws on legal research, insurance data, and first-hand results from the 2025 NLA Industry Survey to offer a roadmap for reducing costs and restoring fairness in the commercial auto insurance market.

The industry's regulatory framework, customs, and practices place chauffeured transportation at the top of the service food chain. Operators are subject to rigorous licensing, elevated insurance requirements, and continuous oversight that often exceed the standards applied to taxis or transportation network companies (TNCs). These safeguards are not aspirational; they are structural features of the sector. Taken together, they underscore a duty of care that is both legal and cultural, reinforcing the limousine industry's reputation for premium, safety-first service.

NLA's member companies strive to set a high bar for professional chauffeured transportation—prioritizing preventive maintenance, professional training, and data-driven safety programs—to deliver consistent, reliable service. These commitments guide the operator-level actions and policy reforms recommended in this report.

Key Findings

- **Premiums and Losses Are Rising**: Commercial auto insurance premiums rose by 9–9.8% in early 2024, with the industry posting underwriting losses in nearly every year since 2013. Combined ratios exceeded 100% in 2022 and 2023, driven by increased claim severity and litigation expenses.

- **State-Level Disparities Are Significant**: Insurance costs are particularly high in states with no-fault (personal injury protection) insurance laws (*e.g.*, New York, Michigan, Florida), extreme weather risks (*e.g.*, Louisiana, Nevada), and prolonged rate approval processes (*e.g.*, California).

- **Litigation and Fraud Are Driving Up Costs**: Social inflation, nuclear verdicts, and third-party litigation funding have significantly inflated the cost of claims and settlements. Reptile Theory tactics and contingency fees exacerbate legal risks and increase insurer exposure.

- **Survey Confirms Broad Financial Strain:** Nearly 87% of operators reported premium increases in the past three years; 67% expect continued increases. One-quarter reported increases over 25%.
- **Operators Have Relatively Modest Claims:** 49% of survey respondents had no claims in the past three years; 93% had no claims that exceeded policy limits.
- **High Safety Standards Are Common:** 79% of operators have formal risk management programs, 93% require vehicle inspections, and 65% use telematics or camera systems—yet these efforts often go unrecognized in underwriting.

Recommendations

The report outlines a comprehensive, multi-tiered reform strategy, grouped into operator-focused, regulatory, and systemic legal reforms. To reduce premium burdens and improve market fairness, the report proposes reforms at three levels:

Immediate Operator Actions

- **Implement Structured Risk Management:** Adopt safety programs, driver screening, telematics, and preventative maintenance to reduce claims and demonstrate insurability.
- **Use Telematics Strategically:** Where feasible, implement telematics as a voluntary risk control tool to improve driving behavior and secure lower premiums.
- **Reassess Client-Imposed Coverage Demands:** Work with clients to scale back excessive coverage requirements where appropriate.
- **Explore Alternative Insurance Options:**
    - Excess & Surplus Lines for hard-to-insure fleets
    - Captive Insurance Companies for self-managed risk pools
    - Stacking Policies to increase uninsured/underinsured motorist coverage

Regulatory & Insurance Reforms

- **Reform No-Fault PIP Mandates**: Reduce or eliminate mandatory PIP in high-fraud states to curb costs and abuse.
- **Support Industry-Specific Workers' Compensation Funds**: Broaden models like New York's Black Car Fund to reduce pressure on commercial auto coverage.
- **Modernize Rate Approval Processes**: Shift from prior-approval to file-and-use models to reduce pricing lag and expand insurer participation.

- **Align Pricing with Performance:** Regulators and insurers should recognize limousine industry safety requirements, so that operators investing in reliability and professionalism are rewarded through rating credits, transparent underwriting, and streamlined compliance.
- **Explore Alternative Coverage Models:** The limousine industry could explore a modified TNC-style "app-on/app-off" insurance framework, applying higher coverage from garage departure to return, aligning premiums with actual exposure while preserving accountability and affordability.

Legal & Tort Reform

- **Limit Vicarious Liability for Limousine Companies**: Adopt a Graves Amendment-style shield for non-negligent limousine companies.
- **Condition Federal Funding on Tort Reform**: Incentivize state-level reforms by tying them to transportation grants.
- **Rein in Reptile Theory and Nuclear Verdicts:** Adopt bifurcated trials and evidentiary limits to reduce emotionally charged verdicts.
- **Regulate Litigation Funding**: Require disclosure of third-party funding and cap investor returns to discourage excessive lawsuits.
- **Cap Contingency Fees & Non-Economic Damages**: Introduce limits to contain runaway legal costs.
- **Adopt Modified Comparative Negligence Standards**: Prevent recovery when plaintiffs are primarily at fault (*e.g.*, 51% bar rule).
- **Establish Pre-Litigation Screening Panels**: Use expert review boards for auto injury claims to filter frivolous cases.
- **Expand Use of ADR (Alternative Dispute Resolution):**
    - Require mediation/arbitration for small claims
    - Incentivize early settlement
    - Establish fast-track panels for high-frequency operators

Limousine operators across the U.S. are paying the price for systemic legal, regulatory, and environmental challenges, despite strong safety records and relatively low claims activity. Without targeted reforms, these trends threaten to drive up prices for consumers, limit service availability, and push small operators out of business. This report provides a path forward—

grounded in data, informed by industry feedback, and aimed at restoring balance to the commercial insurance marketplace.

Methodology

This report began with a comprehensive review of current and proposed laws, regulatory filings, industry publications, and media coverage related to limousine insurance. The objective was to develop a clear and current understanding of the legal framework, insurance rate trends, and industry-specific challenges impacting limousine operators.

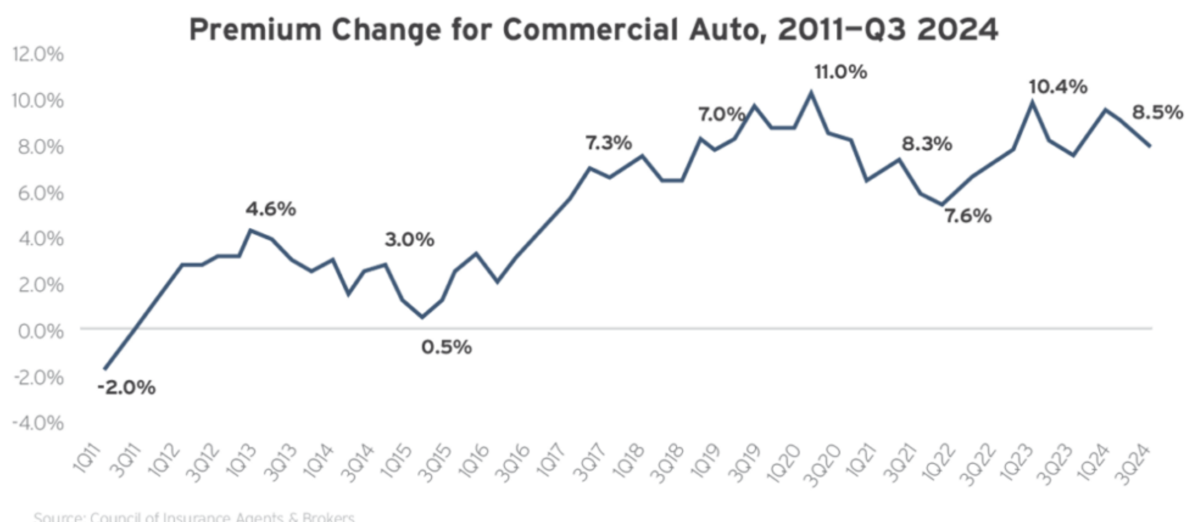
In the second phase, the NLA conducted a national survey of limousine operators (the "**2025 NLA Industry Survey**") to gather first-hand data on insurance practices, costs, and risk management strategies. The survey employed both closed-ended questions to collect quantitative data and open-ended questions to gather qualitative insights and contextual information from operators nationwide. A summary of the 2025 NLA Industry Survey results is in Appendix A.

I. Introduction

The regulatory architecture and professional norms of the chauffeured transportation industry create a uniquely strong duty of care. Operators consistently meet—and often exceed—requirements through licensing, training, and insurance standards that are more stringent than those applied to other segments of for-hire transportation. These embedded practices make it reasonable, even obvious, to recognize chauffeured transportation as a safe and reliable tier of passenger service. Nonetheless, commercial auto insurance premiums have risen sharply in recent years, despite many operators reporting minimal claims activity and implementing gold-standard risk management. For limousine and executive transportation companies, insurance has become one of the most burdensome fixed costs, driven less by individual risk profiles and more by systemic industry losses, fraud, inflation, and environmental volatility.

A. Insurance Profits Decline, Premiums Rise

Commercial auto insurance has faced sustained financial pressure over the past decade, more so than many other lines of commercial coverage. In 2023, premiums rose by approximately 7%, and the upward trend continued into 2024, with average increases estimated between 9% and 9.8% in the first two quarters, which are among the steepest hikes across all commercial insurance segments.[1][2]



The COVID-19 pandemic had a profound but temporary impact on claim patterns. During lockdowns, driving activity dropped sharply, leading to a temporary decline in claim frequency

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[1] https://content.naic.org/sites/default/files/pc-and-title-2024mid-year-industry-report.pdf
https://domrisk.com/2025/03/2025-market-outlook-commercial-auto-insurance/;
www.cbiz.com/insights/article/commercial-auto-insurance-market-outlook-for-2025
[2] https://content.naic.org/sites/default/files/pc-and-title-2024mid-year-industry-report.pdf

in 2020. However, as travel rebounded, claim volumes returned to, and in some cases exceeded, pre-pandemic levels. This rebound, combined with inflationary pressures and rising repair costs, contributed to a sharp increase in loss ratios. By 2022, the industry's combined ratio—a key profitability metric—climbed above 100%, signaling sustained underwriting losses.[3] The only year of underwriting profitability was 2021, the height of the pandemic.

The financial strain on insurers has been long-running. From 2013 to 2023, the commercial auto insurance sector posted underwriting losses in all but one year, 2021, when reduced driving during the pandemic temporarily improved profitability. According to AM Best, the industry reported nearly $9 billion in losses over 2022 and 2023 alone, and conditions continued to deteriorate in 2024. In 2023, the combined ratio reached 109%, meaning insurers paid out significantly more in claims and expenses than they collected in premiums.[4]

These persistent losses have led insurers to raise premiums, tighten underwriting standards, and reduce coverage availability, placing growing financial strain on for-hire operators, including limousine and executive sedan services.

B. Where Is Insurance Highest?

Several states have seen particularly sharp increases in commercial auto insurance costs due to a combination of legislative, environmental, and systemic factors. These developments have disproportionately impacted the limousine sector, where insurance already represents one of the largest fixed costs in the business model.

In Florida, Michigan, and New York, longstanding no-fault insurance systems are accelerating the claims process but also creating significant vulnerabilities. Fraudulent billing, staged accidents, and medically unnecessary treatments are widespread, contributing to elevated claim severity and inflated loss ratios. Insurers operating in these jurisdictions frequently pass those costs along to all policyholders, regardless of individual claims history or safety performance.

Environmental risks also factor heavily into pricing trends. States such as Florida, Louisiana, and California are facing increasing losses due to hurricanes, floods, and wildfires.[5] While these disasters are not directly tied to commercial vehicle operations, they increase the overall risk profile of insurers' property and casualty portfolios. As a result, premiums are rising even for vehicle fleets not operating in high-exposure zones.

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[3] https://news.ambest.com/newscontent.aspx?refnum=262099&altsrc=23
The "combined ratio" measures insurer profitability by comparing incurred losses and operating expenses to earned premiums. A ratio below 100% indicates a profit, while a ratio above 100% reflects a loss.
[4] www.insurancejournal.com/magazines/mag-features/2024/07/15/783435.htm
[5] www.insurance.com/auto-insurance/top-states-with-the-highest-car-insurance-cost

These trends are confirmed in the 2025 NLA Industry Survey, which found that operators across the country are already facing significant financial pressure:

Premium Increases Are Widespread and Sustained

Insurance rate hikes have become a near-universal experience among limousine operators, with many facing double-digit increases year over year.

- **87%** of operators reported that their insurance premiums have **increased over the past three years**
- The **most common increase** reported was in the **10–15%** range
- A full **25%** reported increases of **more than 25%**
- **67%** expect insurance rates to continue rising at similar rates over the next **3–5 years**

Percent Increase in Premiums

Percent Increase in Premiums (Past Three Years)	Respondents
Less than 5%	2.3%
5–10%	18.2%
10–15%	27.3%
15–20%	13.6%
20–25%	6.8%
Over 25%	25.0%
Unsure	2.3%

Drivers Behind Premium Hikes

Despite rising costs, **46.5% of respondents were unable to identify a reason** for premium increases, highlighting a lack of transparency in the market. Among those who identified a cause, **32.5%** cited **inflation, 12%** attributed the increase to **loss history**, and others referenced market hardening, industry consolidation, or geographic exposure.

Premiums by Vehicle Type and Size

The survey also captured real-world insurance spending by vehicle class. Reported annual costs per vehicle were:

Vehicle Type	Spending Range	% of Operators
Sedans & SUVs (1–8 pax)	Under $5,000	35%

	$5,001–$10,000	46%
	Over $10,000	17%
Vans (9–15 pax)	Under $5,000	26%
	$5,001–$10,000	45%
	$10,001–$15,000	23%
Minicoaches (16–40 pax)	$10,001–$15,000	44%
	$15,001–$25,000	44%
Motorcoaches (40+ pax)	Under $15,000	42%
	$15,001–$25,000	42%
	Up to $45,000	Few reported

Claims Activity Remains Manageable for Most Operators

Despite rising premiums, most operators report relatively limited claims activity:

- **49%** reported **no claims** in the past three years
- **45%** reported **1–5 claims**
- **93%** had **no claims or lawsuits** that exceeded policy limits
- **80%** reported **no issues** with claims handling
- **14%** said they experienced **denied or underpaid first-party claims**

These findings suggest that many limousine and luxury fleet operators are being penalized by systemic and environmental factors, rather than their operational performance. The disconnect between loss experience and premium increases reinforces the need for more transparent underwriting practices and the recognition of individual fleet safety performance in rate-setting.

II. Limousine Insurance

Insurance for limousine operators is uniquely complex, reflecting the elevated risk profile of passenger transportation and the specialized nature of the vehicles used. Unlike standard auto insurance, limousine coverage must account for higher liability exposure, regulatory requirements, and operational factors such as fleet size, driver experience, and vehicle type. This section explains how limousine insurance rates are calculated and outlines the coverage requirements that operators must meet to stay compliant and protected.

A. How Limousine Rates Are Calculated

According to the National Association of Insurance Commissioners (NAIC), auto insurance premiums are based on a combination of underwriting and rating processes.[6] Underwriting involves assessing the risk a potential policyholder presents by analyzing personal information, driving history, and internal claims data. This information is processed through weighted algorithms to determine the likelihood of a future claim.

Once risk is assessed, insurers apply rating factors to estimate the potential cost of covering that risk. These factors help determine the final premium by projecting the insurer's financial exposure. In general, the higher the perceived risk, the higher the premium.

Policyholders can reduce their premiums by assuming more financial responsibility—for example, by increasing their deductible (the amount paid out-of-pocket before insurance coverage kicks in) or by dropping optional coverages. Ultimately, commercial auto insurance rates, including those for limousines, fluctuate based on the insurer's projected cost of covering claims, operational expenses, and profit targets.

[6] https://content.naic.org/insurance-topics/auto-insurance

Primary Limousine Insurance Rating Factors[7]

Category	Factors
Vehicle Factors	• Vehicle Type (sedan, SUV, van, etc.) • Vehicle Value: newer, more expensive vehicles increase premiums • Vehicle Modifications: stretch limos, party buses cost more to insure • Gross Vehicle Weight: heavier vehicles pose greater risk • Safety Features: anti-lock brakes, airbags may reduce premiums
Driver Factors	• Driving Experience • Driving Record • Number of Drivers: more drivers mean higher exposure • Age and Experience: younger or less experienced drivers may increase rates
Business Factors	• Location: high-crime or high-traffic areas lead to higher premiums • Fleet Size: more vehicles = higher overall premium • Claims History: fewer claims may lead to discounts • Risk Management: safety programs and policies can reduce premiums
Coverage Factors	• Coverage Type and Limits: more coverage increases cost • Deductibles: higher deductibles lower premiums, but increase out-of-pocket costs in a claim

B. Limousine Insurance Coverage Requirements

Auto insurance requirements vary by state, with most mandating a minimum level of liability coverage. However, commercial vehicles, such as limousines, are often subject to additional or higher coverage requirements, especially when transporting passengers for hire. Some states also mandate specific types of coverage beyond liability, depending on the regulatory structure or risk profile of the service. A detailed breakdown of insurance requirements for limousines in major U.S. cities is provided in **Appendix B**.

[7] www.insureon.com/small-business-insurance/commercial-auto/how-premiums-are-calculated

The table below outlines common types of auto insurance coverage, what each type covers, and where they are required for personal vehicles. Requirements for limousines may be significantly higher and are often regulated separately.

Common Types of Auto Insurance Coverage

Insurance Type	What's Covered	Requirement for Personal Autos
Bodily Injury (BI)	Covers costs related to injuries to others when the insured driver is at fault.	Required in all states *except* Florida and New Hampshire.[8]
Property Damage (PD)	Covers damage caused by the insured driver to another person's property.	Required in all states *except* New Hampshire.[9]
Uninsured Motorist (UM)/ Underinsured Motorist coverage (UIM)	Pays for medical costs and other expenses if the insured is injured by a driver without insurance or with insufficient coverage.	Required in many states, including CT, IL, KS, ME, MD, MN, MO, NE, NH (if insured), NY, NC, ND, OR, SC, SD, VT, VA, DC, WV, and WI.
No-Fault Personal Injury Protection (PIP)	Covers medical costs, lost wages, and other personal expenses after an accident, regardless of fault.	Required in DE, FL, HI, KS, KY, MD, MA, MI, MN, NJ, NY, ND, OR, PA, and UT; must be offered in some other states.
Medical Payments Coverage (MedPay)	Similar to PIP, it pays medical expenses for the insured driver and passengers regardless of fault.	Required in ME and NH (if insured); must be offered in some states.[10]
Collision	Covers damage to the insured vehicle from a collision with another vehicle or object.	Optional.
Comprehensive	Covers damage from non-collision-related events, such as theft, vandalism, weather, or fire.	Optional.

[8] New Hampshire does not mandate car insurance. However, drivers who choose not to buy car insurance must demonstrate their financial ability to cover damages in the event of an accident.
[9] *Id*.
[10] www.forbes.com/advisor/car-insurance/medical-payments-medpay-coverage/

For limousine operators, especially those running intrastate services or using vehicles that seat eight or fewer passengers (including the driver), insurance requirements are typically regulated by the state in which the company operates.[11] In some jurisdictions, local regulators impose higher coverage limits than the state minimums, particularly in large metropolitan areas or regions with high liability exposure.

III. Causes of Higher Limousine Insurance Prices

Commercial auto insurers are under growing financial pressure due to a combination of higher claim severity, increased claim frequency, and mounting litigation costs. These pressures have pushed combined loss ratios above sustainable levels, forcing insurers to raise premiums and tighten underwriting standards. But what's driving these cost increases, especially now?

This section examines the primary factors driving the rise in insurance premiums, including claim severity and frequency, the legal environment, and external risks such as natural disasters.[12]

A. Insurance Fraud & Abuse

Insurance fraud and abuse are significant and pervasive factors driving up the cost of commercial auto insurance, particularly in jurisdictions with expansive no-fault (PIP) systems. Fraudulent or bloated claims inflate insurer losses, which in turn leads to higher premiums for all policyholders, including legitimate, law-abiding limousine operators.

Limousine operators are particularly vulnerable to these fraud and abuse because they are required to carry significantly higher liability insurance than most other commercial vehicles – they are also easily identifiable by their unique license plates and signage, stickers, or decals required by the regulator. For example, in Tennessee, limousines must have at least $1 million CSL. In contrast, personal vehicles are required to carry $25,000 for bodily injury or death per person, $50,000 for total bodily injury or death per accident, and $25,000 for property damage per accident.[13] These elevated policy limits make limousines a prime target for fraud rings seeking larger payouts. A staged accident involving a high-limit policyholder offers far greater potential for inflated medical claims, litigation, and settlements than a lower-limit vehicle.

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[11] Motor carriers operating vehicles that carry more than 8 passengers in interstate transportation for direct compensation must register with the Federal Motor Carrier Safety Administration (FMCSA). The FMCSA insurance requirements are based on the manufacturer's designed seating capacity: $1.5 million for vehicles seating 15 or fewer passengers, including the driver; $5 million for vehicles of 16 or more passengers, including the driver. *See* 49 CFR 387.33; www.fmcsa.dot.gov/registration/small-passenger-carrying-vehicles

[12] www.insurancejournal.com/news/east/2024/09/04/791291.htm

[13] www.tn.gov/revenue/title-and-registration/drive-insured-tennessee/why-you-should-have-insurance.html

The American Transit Insurance Company (ATIC), a major insurer of for-hire vehicles in the New York City market, estimates that 60% to 70% of the more than 250,000 claims it processes annually are fraudulent.[14] These include staged accidents, falsified injuries, and medically unnecessary treatments. In December 2024, ATIC filed a sweeping racketeering lawsuit against more than 180 defendants, including law firms, medical clinics, and other entities.[15] The suit seeks to recover $450 million in allegedly fraudulent payouts tied to orchestrated schemes involving misrepresented or entirely fictitious services.

Uber has filed three racketeering lawsuits—in New York, South Florida, and California—targeting personal injury attorneys, pain clinics, and doctors.[16] The lawsuits accuse these actors of intentionally staging accidents and falsifying documentation of injuries. Uber claims these schemes have defrauded the company of millions of dollars in bogus medical reimbursements and legal settlements. The lawsuits are currently pending.

These cases underscore how systemic fraud can distort the risk pool and penalize legitimate operators through inflated insurance costs. When fraud is widespread, insurers are forced to adjust premiums upward to offset the anticipated volume of illegitimate claims. This creates a deeply unfair environment for compliant, professional transportation providers who are effectively subsidizing fraudulent activity through higher insurance rates.

Combating insurance fraud requires coordinated efforts among law enforcement, insurers, regulators, and industry stakeholders. Enhanced data sharing, stronger penalties, and improved fraud detection protocols are critical to curbing abuse and restoring balance to the commercial auto insurance market.

B. Personal Injury Protection (PIP) Insurance

Personal Injury Protection (PIP), commonly referred to as no-fault insurance, is contributing to higher claim payouts and increased claim frequency in several states. PIP covers medical expenses and certain economic losses (such as lost wages) for the driver and passengers after a car accident, regardless of who was at fault.

Because PIP is a no-fault benefit, insurers are required to pay covered claims promptly and without litigation, ensuring fast compensation for medical expenses, lost income, and related injury costs. While this speeds up access to care, it also opens the door to a high volume of low-dollar claims, which drive up administrative costs and increase insurers' total payouts.

[14] www.insurancebusinessmag.com/us/news/life-insurance/450-million-lawsuit-alleges-massive-fraud-in-nofault-insurance-claims-518595.aspx
[15] https://finance.yahoo.com/news/american-transit-insurance-company-files-191000538.html
[16] https://www.insurancejournal.com/news/west/2025/07/21/832621.htm

Medical providers are often able to charge higher “out-of-network” rates for PIP claims than they would for equivalent services under traditional health insurance. Unlike health insurers, PIP carriers cannot negotiate discounted “in-network” rates, which further inflates the cost of care.[24] This dynamic creates financial incentives for providers to over-treat or upcharge accident-related services, knowing PIP coverage will likely pay in full.[17]

PIP coverage is required in a limited number of states, shown in Figure 1 below. It is optional in others, including Arkansas, Connecticut, the District of Columbia, Texas, and Washington.[18]

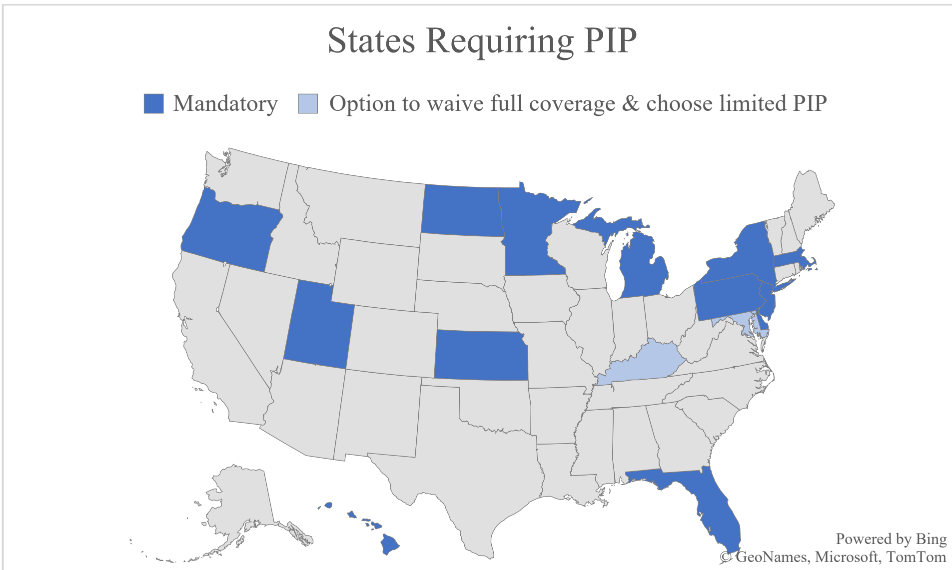

Figure 1

The minimum required coverage varies widely, from $2,500 per person in Maryland to $50,000 in New York and $250,000 in Michigan for personal vehicles.[19] (See Figure 2.)

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[17] https://kffhealthnews.org/news/article/after-accident-patient-crashes-into-700000-bill-for-spine-surgery/
[18] www.forbes.com/advisor/car-insurance/pip-guide/
[19] Michigan has higher PIP options (up to unlimited) and lower PIP options for drivers who can prove they have certain qualified health coverage or are enrolled in Medicaid or Medicare. www.michigan.gov/autoinsurance/choosing-coverage/choosing-pip-med-coverage

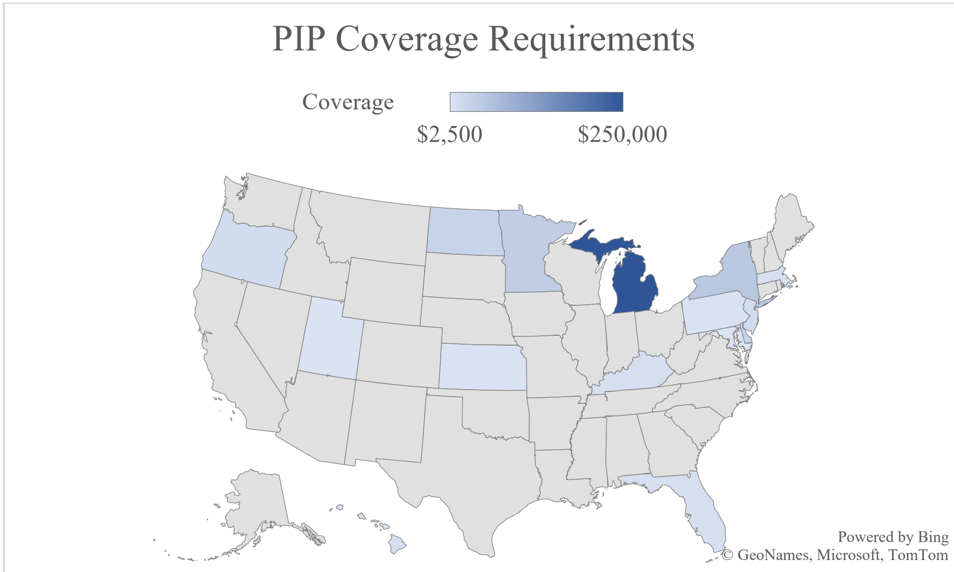

Figure 2

For commercial operators, including limousine services, state or local regulators may impose higher limits. For example, New York City mandates an additional $150,000 of PIP coverage above the state's $50,000 minimum (effective March 1, 2026, the additional PIP coverage goes down to $50,000).[20]

PIP insurance's structure—fast, no-fault payments without immediate scrutiny—makes it especially vulnerable to fraud. Staged accidents, exaggerated injuries, and inflated medical bills are common tactics that inflate both the frequency and cost of claims. These fraudulent activities are widespread in states with generous PIP systems, particularly Florida, New York, and Michigan.

So-called "fraud rings" often involve coordinated efforts between unethical healthcare providers, personal injury attorneys, and claimants to exploit PIP systems. These schemes include billing for services never rendered, unnecessary treatments, or falsified documentation of injuries.[21]

In New York, the impact has been severe. A March 2024 report from the state's Department of Financial Services found that 75% of all suspected insurance fraud reports and 94% of healthcare fraud reports in 2023 were tied to the PIP system.[22] According to Research Underwriters, an insurance broker specializing in commercial auto, 22% to 26% of no-fault claims in New York City over the past four years were suspected to be fraudulent.

In response to widespread abuse, insurers are investing heavily in fraud detection, litigation, and special investigative units. These efforts, while necessary, come at a cost. Ultimately, the

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[20] *See* 11 NYCRR 65-1.1
[21] www.iii.org/article/background-on-no-fault-auto-insurance
[22] www.dfs.ny.gov/system/files/documents/2024/03/2023-health-fraud-annual-report.pdf

financial burden of fraud is passed on to all policyholders, including responsible drivers, through higher insurance premiums. This dynamic is particularly damaging in high-cost urban markets, where fraud is most prevalent and premiums are already elevated.

C. Rate Approval Delays

The auto insurance rate approval process significantly impacts the timing and pace of premium adjustments, although it does not directly cause losses or higher rates. It shapes how promptly insurers can respond to rising claim costs, affecting both the adequacy and stability of premiums.

In many states, insurers must submit proposed auto liability rate changes for prior approval by state insurance regulators before implementation. This process often involves detailed filings, regulatory review, and sometimes public hearings. Due to its complexity, rate approvals can take a considerable amount of time, usually exceeding a year. A recent Milliman study found average approval times of 267 days in California, 108 days in Texas, and 79 days in Florida.[23] Other states with prior approval requirements include New York, Massachusetts, New Jersey, and Maryland.

Extended approval timelines can cause premiums to lag behind actual claim cost increases, leading to deteriorating loss ratios for insurers. When approval is finally granted, rate adjustments may need to be larger to compensate for the delay, often resulting in consumer sticker shock. This lag can also cause insurers to operate at a loss during the interim period. Additionally, stringent approval processes can discourage new market entrants, reducing competition and overall insurance capacity.

In contrast, some states employ regulatory models such as “file-and-use” or “use-and-file,” which allow insurers to adjust rates more rapidly, either before or shortly after filing with regulators. While this flexibility enables quicker responses to market conditions, it limits pre-approval oversight. Regulators in these states—such as Illinois, Georgia, Ohio, Virginia, and Wisconsin—retain the authority to later disapprove rates deemed excessive, inadequate, or unfairly discriminatory.

D. Increasing Claim Severity

Claim severity, or the average cost per claim, has risen dramatically over the past decade. Since 2020, bodily injury claim severity increased by 20%, material damage severity rose by 47%, and total loss claims grew by 29%.[24]

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[23] https://democrats-financialservices.house.gov/uploadedfiles/hhrg-118-ba04-wstate-gordonr-20231102.pdf
[24] https://risk.lexisnexis.com/insights-resources/white-paper/auto-insurance-trends-report

These increases are driven in part by inflation, rising medical costs, and more expensive vehicle repairs. Inflation alone has played a major role: as the prices of auto parts, labor, and medical services have grown, so has the cost of settling each claim. Notably, insurers have experienced claims cost inflation that outpaces overall economic inflation. According to the Insurance Information Institute (Triple-I), claim severity rose 78% from 2014 to 2023—more than double the 29% rise in the Consumer Price Index (CPI) during that same period.[25]

1. Higher Asset Values and Repair Costs

Today's vehicles are more technologically advanced, efficient, and safer—but also significantly more expensive to repair. High-end sedans and luxury vehicles used in limousine services now feature complex systems, including electric batteries, advanced sensors, and assisted-driving technologies. Repairs often require specialized technicians and proprietary parts, which can push costs higher.[26] From 2023 to 2024, the Consumer Price Index for vehicle maintenance and repair surged by 10 percent.[27]

As a result, even minor collisions can generate large claims, especially when newer luxury vehicles are involved, contributing directly to higher insurance premiums for limousine operators.

2. Litigation Trends and Legal Environment

Litigation risk is one of the primary forces driving up commercial auto insurance premiums for limousine operators. Over the past decade, the legal environment has become increasingly hostile for transportation businesses, marked by escalating settlement demands, inflated jury awards, and aggressive plaintiff tactics that shift liability to deep-pocketed corporate defendants. This section examines key trends—such as social inflation, Reptile Theory, and third-party litigation funding—that are reshaping the claims landscape and significantly increasing the cost of doing business in the for-hire transportation sector.

a) Escalating Legal Costs

Legal costs for defending claims and paying settlements are a major contributor to rising insurance premiums. Commercial auto cases are becoming increasingly complex and drawn-out, forcing insurers to allocate greater resources to litigation. Even when operators are not at fault, the expense of legal defense can compel settlements that exceed the actual value of a claim. As litigation drags on and verdicts become more unpredictable, carriers hedge against uncertainty by raising premiums across the board.

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[25] www.iii.org/press-release/commercial-auto-insurance-declines-in-underwriting-profitability-increasing-economic-and-social-inflation-continue-to-influence-costs-says-triple-i-cas-102424
[26] www.travelers.com/resources/business-topics/insuring/commercial-auto-risks-that-can-increase-insurance-rates
[27] https://rsmus.com/insights/industries/financial-services/rising-auto-repair-costs.html

b) Social Inflation

"Social inflation" refers to the rise in claim costs resulting from societal and legal shifts, which is distinct from traditional inflation.[28] It reflects a growing willingness among jurors to award large verdicts, especially against corporate defendants, and the rise of litigation practices that prioritize emotional appeals over factual analysis.

Contributing factors to social inflation include:[29]

- Increasing use of aggressive plaintiff strategies, such as Reptile Theory
- Expansion of third-party litigation funding (TPLF)
- Erosion of traditional views on personal responsibility and risk

According to Swiss Re, social inflation contributed to a 57% rise in liability claims over the past decade.[30] These dynamics are especially burdensome in high-liability sectors like transportation, where perceived public safety risks amplify juror emotions and verdict sizes.

c) Jury Awards and "Nuclear" Verdicts

Jury verdicts in commercial vehicle cases have grown exponentially in recent years. "Nuclear" verdicts—awards exceeding $10 million—are no longer rare. In extreme cases, "thermonuclear" verdicts exceed $100 million. A striking example came in 2021, when a Florida jury awarded $1 billion in a wrongful death case of a college student involving two trucking companies.[31]

A mix of factors drives these outcomes, including juror desensitization to large numbers, emotional storytelling from plaintiffs' attorneys, and a perceived need to punish companies and send a message. Large verdicts—even when later reduced or overturned—distort the market by driving up insurer loss reserves and leading to broader premium increases.

d) "Reptile Theory" Tactics

Reptile Theory is a courtroom strategy that taps into jurors' primal instincts—specifically fear and self-preservation—by portraying the defendant as a danger to the community. In a limousine case, for example, a plaintiff's attorney might argue that the driver didn't just harm the victim but endangered every person on the road.

Critics argue that this approach manipulates jurors into issuing outsized awards based on fear rather than facts. The Reptile Theory shifts the focus from whether the defendant met a legal duty to whether they posed a theoretical risk to society, thereby inflating damages and undermining fair adjudication.

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[28] https://content.naic.org/sites/default/files/cipr-report-social-inflation.pdf
[29] *Id.*
[30] www.swissre.com/press-release/Litigation-costs-drive-US-liability-claims-by-57-over-past-decade-reveals-Swiss-Re-Institute/0b538159-9648-47da-a152-4550a7640d35
[31] www.freightwaves.com/news/jury-hands-down-billion-dollar-verdict-in-florida-against-2-trucking-companies

e) Third-Party Litigation Funding (TPLF)

TPLF allows private investors to finance lawsuits in exchange for a portion of any settlement or award.[32] While this model can increase access to justice for under-resourced plaintiffs, it also introduces several cost-driving problems:

- **Encouragement of Weak Claims:** Plaintiffs bear little financial risk if they lose, promoting more speculative or meritless lawsuits.
- **Delayed Settlements:** Funders typically push for maximum payouts, making early, reasonable settlements less likely.
- **Skyrocketing Legal Costs:** High funder return expectations (reported interest rates range from 15% to 124%) incentivize prolonged litigation and higher demands.33

Insurers and defendants, faced with rising legal costs and uncertain outcomes, often settle even weak claims to avoid the expense of trials. These settlements, in turn, increase claim severity metrics, pushing insurers to raise premiums to offset losses.

E. Increasing Claim Frequency

In addition to rising claim severity, commercial auto insurers are also contending with an increase in the frequency of claims, particularly among high-exposure sectors like the for-hire vehicle industry. More claims, even of moderate size, can increase loss ratios and lead to higher premiums for policyholders. Two major contributors to this trend are the rise in distracted driving and the growing frequency of extreme weather events. While these risks are not exclusive to limousine operators, the nature of the business—long hours on the road, passenger interactions, and constant exposure to traffic and environmental conditions—amplifies their impact.

1. Distracted Driving

Distracted driving is a leading cause of accidents and insurance claims. It includes behaviors like texting, using navigation systems, eating, and interacting with passengers.[34]

Distracted driving significantly increases the likelihood of accidents.[35] Studies indicate that cellphone distraction causes 6% of all crashes, while all forms of distraction cause 29% of crashes.[36] According to NHTSA data:

- **29%** of **all crashes** involve distraction

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32 www.americanbar.org/content/dam/aba/directories/policy/annual-2020/111a-annual-2020.pdf
33 https://nysba.org/new-yorks-unregulated-litigation-lending-industry/?srsltid=AfmBOor-WZes9qp_3BJN3lZRp85ZSOkfSe43bd2cNifV7FvYIUQx8GnU
34 www.nhtsa.gov/risky-driving/distracted-driving
35 www.nhtsa.gov/risky-driving/distracted-driving
36 https://crashstats.nhtsa.dot.gov/Api/Public/ViewPublication/813403.pdf

- **8%** of **fatal crashes** in 2022 were distraction-related
- These crashes caused an estimated $395 billion in damages when including quality-of-life impacts.[37]

While not unique to limousines, the nature of the job increases exposure to distractions. Studies show that drivers in the small passenger transportation industry—including limousine drivers—are frequently distracted due to occupational demands.[38] Tasks like navigating unfamiliar routes, using dispatch software, and managing passengers all increase the risk of distracted driving.

2. Weather Events & Natural Disasters

The increasing frequency and severity of extreme weather events are a growing driver of commercial auto insurance costs—especially for vehicles like limousines that are often parked outdoors or exposed to the elements between trips. Comprehensive coverage, which protects against non-collision losses such as hail, flooding, wildfires, or storm damage, is a common choice among limousine operators due to their high-value vehicles and customer service expectations. According to the Insurance Information Institute, more than 75% of auto liability policyholders also carry comprehensive coverage, a figure that is likely even higher in the limousine sector.[39]

A 2025 report by the Insurance Information Institute (Triple-I) highlights the disproportionate impact of weather-related losses on the insurance market. Between 1997 and 2016:[40]

- 39.9% of catastrophe insurance losses stemmed from tornadoes, wind, and hail
- 38.2% stemmed from hurricanes and tropical storms
- Other causes included winter storms (6.7%) and wildfires (2.0%)

The pace of disasters has only accelerated. In 2024 alone, the U.S. experienced 27 separate billion-dollar disaster events, according to the National Oceanic and Atmospheric Administration (NOAA)—nearly matching the record 28 events in 2023 (see Figure 3 below).[41] These events strain insurers' capital reserves and trigger reinsurance price hikes, leading to premium increases across all markets—not just in directly affected regions.

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37 https://crashstats.nhtsa.dot.gov/Api/Public/ViewPublication/813559
38 https://pubmed.ncbi.nlm.nih.gov/34166145/
39 www.iii.org/article/spotlight-on-catastrophes-insurance-issues
40 www.iii.org/article/spotlight-on-catastrophes-insurance-issues
41 https://www.ncei.noaa.gov/access/billions/

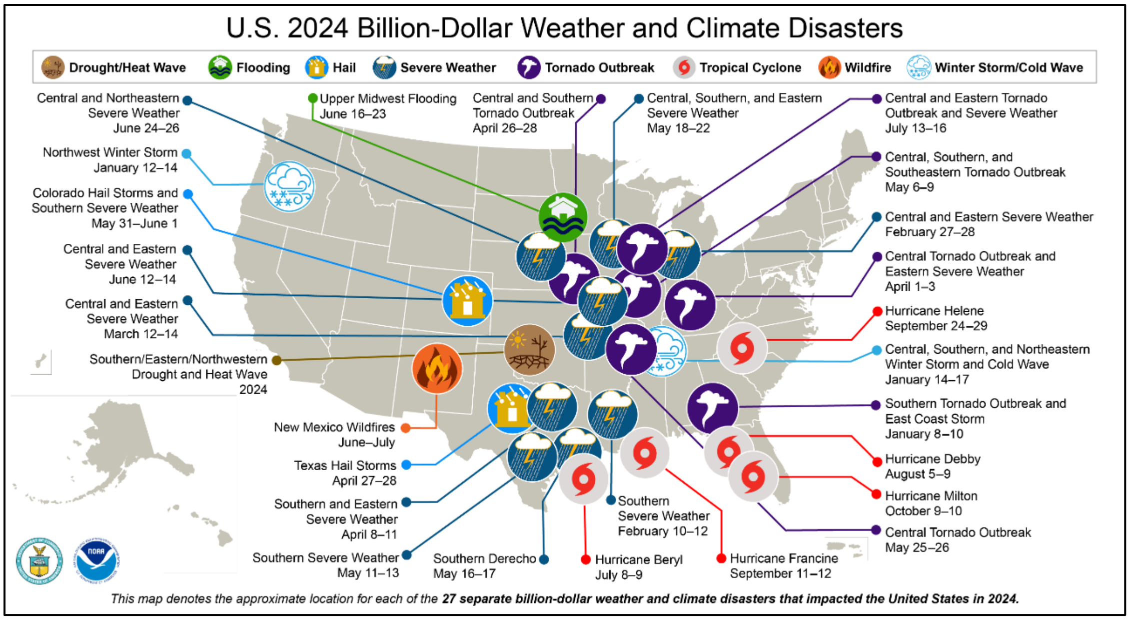

Figure 3, source NOAA NCEI (https://www.ncei.noaa.gov/access/billions/)

Insurers manage their exposure by distributing risk across their national portfolios, which means limousine operators in relatively low-risk areas may still face higher premiums due to losses incurred elsewhere. However, operators in disaster-prone states such as Florida, Louisiana, Texas, and parts of California are particularly hard-hit.[42] These regions have seen double-digit premium increases, reduced policy availability, and, in some cases, non-renewals by major carriers due to the unsustainable risk environment.

Limousine operators—many of whom operate high-value vehicles with complex repair costs—are especially vulnerable to these shifts. The combination of physical risk and market volatility contributes to a challenging insurance landscape that demands long-term risk mitigation strategies and stronger state-level support for stabilizing the market.

IV. Strategies & Measures to Reduce Limousine Insurance Costs

A. Practical Tools to Lower Risk and Premiums

In today's challenging insurance environment, limousine operators must adopt strategic measures to control insurance costs without compromising coverage or safety. This section outlines cost-saving insurance models and innovative risk reduction strategies, empowering operators to manage liability exposure while protecting clients and their fleets.

[42] https://www.mccartyinsurance.com/how-weather-events-in-your-area-can-affect-your-car-insurance-rates/

1. Innovative Insurance Solutions

As traditional insurance markets tighten and premiums rise, many limousine operators are exploring insurance solutions that offer greater flexibility, cost-efficiency, and control. These innovative approaches—including excess & surplus (E&S) lines, captive insurance models, self-insurance, and policy stacking—are attractive to operators with complex risk profiles. While each alternative presents its own regulatory, financial, and operational considerations, they offer promising pathways to manage costs and stabilize coverage in a challenging insurance landscape. This section examines how these alternative models operate, as well as the benefits and trade-offs they present.

a) Excess & Surplus (E&S) Lines Insurance

E&S Lines insurers—also known as non-admitted carriers—offer more flexible coverage options than standard (admitted) insurers, often enabling cost savings for higher-risk limousine fleets. Contrary to common misconceptions, E&S carriers are not unregulated or unlicensed; rather, they operate outside traditional state regulatory approval for rates and forms, allowing faster responsiveness to market changes and innovative coverage solutions.[43]

While admitted insurers require lengthy prior approval processes for rate changes, which can sometimes take over a year, E&S insurers can implement new rates or policy forms immediately after internal approval, often resulting in lower premiums. These carriers are regulated in their domicile state and must be eligible in each state where they sell policies, complying with the federal Nonadmitted and Reinsurance Reform Act of 2010 (NRRA). Policies must be placed through licensed surplus lines brokers to ensure regulatory compliance.

A key difference is that E&S insurers do not participate in state guaranty funds, so insureds lack that additional financial protection if the carrier becomes insolvent. However, E&S carriers are typically financially stable. A.M. Best reported no surplus lines carrier financial impairments since 2004.[44]

In limousine insurance, E&S lines commonly provide excess liability or umbrella coverage beyond statutory limits, particularly beneficial for fleets with poor loss histories or higher-risk profiles that admitted insurers may decline or price prohibitively.

b) Captive Insurance Companies

A captive insurance company is an insurer owned by a parent company or group to cover its specific risks internally.[45] This self-insurance model allows operators to manage risks directly,

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https://nysba.org/NYSBA/Coursebooks/Spring%202016%20CLE%20Coursebooks/Insurance%20Coverage%202016/6-Platt-EXCESS-AKA%20SURPLUS-LINES%20101.pdf

44 https://democrats-financialservices.house.gov/uploadedfiles/hhrg-118-ba04-wstate-gordonr-20231102.pdf

45 https://content.naic.org/insurance-topics/captive-insurance-companies

potentially reducing overall insurance costs, retaining underwriting profits, and gaining greater control over insurance programs.

Captives can take various forms, including single-parent captives (owned by one company), group captives (owned by multiple unrelated companies), and association captives (managed by industry groups for their members).

One benefit of using a captive is cost efficiency. Companies can often reduce their overall insurance expenses, manage predictable risks more effectively, and retain underwriting profits that would typically go to a third-party insurer by employing a captive. Captives afford greater control over insurance programs and potentially achieve cost savings. This can result in lower costs for consumers and higher earnings for drivers.

More than 30 states authorize captive formation, subject to licensing, reporting, and solvency examinations by state regulators.[46] While captives offer cost efficiency and flexibility, they require significant capital, as well as compliance with various regulations.

c) Self-Insurance

Self-insurance involves setting aside internal funds to cover potential losses, rather than purchasing traditional insurance. This strategy provides greater financial control and can reduce premium costs, but it requires substantial capital reserves and rigorous risk management to ensure that funds cover claims when they arise.

d) Stacking Policies

"Stacking" combines coverage limits across multiple policies or vehicles to increase protection, primarily for uninsured/underinsured motorist (UM/UIM) coverage.[47] This can be done within a single policy (vertical stacking) or across multiple policies (horizontal stacking):

- **Vertical stacking** aggregates UM/UIM limits across multiple vehicles insured under the same or related policies. For example, if each of three insured limousines has $100,000 in UM/UIM coverage, stacking could potentially allow the business to claim up to $300,000 in a single accident, depending on the policy language and state laws.
- **Horizontal stacking** combines limits from multiple separate policies covering the same insured.

Stacking increases available coverage but also raises premiums (higher coverage = higher premiums). State laws vary: some allow stacking by default, others prohibit it or require explicit opt-in/opt-out. Commercial fleet policies often restrict stacking, especially for blanket coverage.[48]

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46 www.iii.org/table-archive/21308
47 www.allstate.com/resources/car-insurance/stacked-vs-unstacked-car-insurance
48 www.genre.com/content/dam/generalreinsuranceprogram/secured/mygcr/UMUIMSurvey-en.pdf

2. Operational Risk Management

In a hardening insurance market, reducing claims is just as critical as managing coverage. One of the most effective ways limousine operators can control insurance costs is by proactively reducing operational risk. Implementing structured risk management strategies—such as fleet safety programs, telematics, and smart negotiations with clients—can lower the frequency and severity of claims, improve driver behavior, and enhance an operator's insurability. The 2025 NLA Industry Survey indicates widespread adoption of safety practices among respondents (*e.g.*, formal risk programs, pre-trip inspections, and telematics/camera use), reinforcing the industry's emphasis on reliability and risk reduction.

By demonstrating a strong safety culture and adopting modern technologies, companies not only protect passengers and assets but also strengthen their position when negotiating premiums or coverage limits. In line with NLA's safety-first commitment, operators can demonstrate reliability and reduce loss exposure through the following practices, which in turn should be recognized in underwriting and client procurement.

a) Fleet Safety Programs

Robust fleet safety programs are among the most effective tools available to limousine operators seeking to reduce risk exposure, improve claims outcomes, and potentially lower insurance premiums. A well-designed safety program balances legal compliance with operational flexibility and includes clear protocols for driver behavior, vehicle maintenance, and incident response.

The 2025 NLA Industry Survey confirms that many limousine operators are already taking proactive steps to manage risk through structured safety efforts:

- **79%** of respondents reported having a formal risk mitigation or safety program, incorporating:
    - **Safety training (87%)**
    - **Driver review procedures (74%)**
    - **Defensive driving course requirements (47%)**
- **93%** require **pre-trip vehicle inspections**, though only **28%** require drivers to deliver a **passenger safety briefing** (*e.g.*, encouraging seatbelt use)
- **46%** reported that their insurance carrier provides **on-premises loss control services**

These efforts align with the core pillars of an effective fleet safety program, which typically include:

- **Driver Vetting & Onboarding**: Conduct background checks, DMV record reviews, and require a minimum threshold of commercial driving experience. Enforce pre-employment and random drug and alcohol testing.

- **Defensive Driving & Passenger Safety Training**: Require certification in defensive driving techniques, regular safety refreshers, and tailored instruction for serving passengers with mobility challenges or special needs.

- **Vehicle Maintenance & Inspections**: Mandate pre- and post-trip inspections with digital logs, enforce preventive maintenance schedules, and ensure rapid repairs.

- **Incident Reporting & Root Cause Analysis**: Use standardized digital forms for crash, claim, and complaint documentation. Follow up with structured investigations, driver coaching, and policy updates.

- **Zero Tolerance Substance Use Policy**: Implement strict policies on alcohol and drug use, with clear reporting procedures, immediate suspension pending investigation, and education on substance risks.

To support responsible operators and create downward pressure on premiums, insurers and policymakers should promote underwriting models that reward strong safety performance. Recommendations include:

- Expanding access to **carrier-provided loss control services**, especially for small and mid-sized fleets

- **Recognizing formal safety certifications and verifiable program components** in underwriting decisions

- Improving **transparency** in how safety metrics influence pricing and renewals

- Encouraging **data-sharing partnerships** between operators and insurers to track and verify safety outcomes

When insurers actively engage with operators to prevent losses, rather than simply react to them, the result is a healthier, more sustainable insurance market that benefits the entire industry.

b) Telematics & AI-Driven Safety

Telematics technology—leveraging GPS, sensors, cameras, and AI analytics—has emerged as one of the most effective tools for reducing risk, deterring unsafe driving behavior, and improving claims outcomes. By providing real-time visibility into vehicle operations and driver conduct, telematics empowers both operators and insurers to take proactive measures before accidents occur. Benefits include:

- **Real-time alerts** for speeding, harsh braking, rapid acceleration, or distracted driving
- **Objective data** to support or refute claims, helping prevent fraud and streamline liability decisions
- **Potential insurance discounts** or lower premiums tied to consistently safe driving behavior

According to the 2025 NLA Industry Survey, telematics adoption is already widespread across the industry:

- **65%** of respondents currently use telematics or cameras in their fleet
- **79%** of companies with formal safety programs reported using telematics to monitor speed, location, and driver behavior
- **76%** use **exterior-facing cameras**, and **66%** also use **interior-facing cameras**

Among operators who have adopted telematics:

- **28%** installed the technology specifically to receive **insurance discounts**
- **23%** reported a **reduction in accidents or claims** after implementation
- **8.6%** said their **insurance provider requires** telematics
- **8.6%** said it is a **requirement in client contracts**

For the 35% of respondents who have not adopted telematics, the most commonly cited barrier was **cost** (reported by approximately 24%). This suggests that while the technology is increasingly recognized as a best practice, some operators, particularly smaller fleets, may need financial or logistical support to implement it effectively.

Because many limousine drivers are independent contractors (ICs), mandatory telematics raises potential worker misclassification risks. If the technology is perceived as a tool for employer control rather than safety, operators may face legal exposure. To mitigate this, the use of telematics should be framed and structured as a risk management mechanism, not an employment mandate.

Best practices include:

- Making telematics **voluntary** for ICs or **linking participation to insurance eligibility** rather than employment status
- Ensuring that telematics data is used **exclusively for safety, claims, or contractual purposes**, not for employment discipline
- Limiting driver monitoring to **on-duty commercial use only**, with clear opt-in policies and data transparency

Policymakers may also play a role in broader telematics adoption. One option is to mandate telematics across all commercial vehicle types with phased implementation timelines to accommodate fleet size and operational model. A regulatory approach would reduce competitive disparities and help normalize safety technology across the industry, while avoiding the legal ambiguity that voluntary, operator-led mandates can create under current labor laws.

It is recommended that insurers, regulators, and fleet operators collaborate to expand access to telematics, recognize its safety benefits in underwriting decisions, and ensure its implementation respects independent contractor relationships.

3. Negotiating Smarter Coverage Requirements

Large corporate clients often demand insurance coverage far exceeding standard requirements—$1 million to $5 million in general liability, $5 million in umbrella/excess liability, $1 million in minimum auto liability—imposing significant costs on limousine operators. Engaging clients and travel managers in dialogue to clarify that the limousine operators' coverage meets or exceeds legal standards and emphasizing rigorous licensing, continuous oversight, safety programs, and telematics can encourage negotiation of reasonable limits. Sharing claims history and risk mitigation efforts builds trust and can support reduced insurance requirements without compromising safety.

B. Long-Term Policy Reforms

Addressing the underlying legal and regulatory frameworks that shape liability and insurance in the limousine industry is critical to achieving sustainable cost control and market stability. Long-term policy reforms focus on modifying the civil litigation environment, clarifying liability rules, and enhancing dispute resolution mechanisms to reduce frivolous claims, lower excessive damages, and improve predictability for insurers and operators alike.

These reforms aim to balance fair compensation for legitimately injured parties with protections against abusive litigation tactics that drive up insurance premiums. Key reform areas include tort reform to limit vicarious liability and emotional appeals in lawsuits, regulating third-party litigation financing, capping attorney fees and damages, adopting fairer negligence rules, and promoting early case screening and alternative dispute resolution. Together, these measures can create a more equitable and efficient legal landscape that supports a healthier commercial transportation insurance market.

1. Tort Reform for Limousine Liability

"Tort reform" refers to legislation aimed at reducing personal injury litigation and associated costs, typically through caps on damages that may be recovered or by making it more challenging to bring a lawsuit.[49] It aims to reduce the number and severity of lawsuits, ensuring that valid claims

[49] www.justia.com/injury/negligence-theory/tort-reform/

are paid fairly and reasonably. Tort reforms should deter frivolous lawsuits and ultimately lower premiums when appropriately used.

a) Limit Vicarious Liability

A law that shields limousine carriers from liability for damages caused by their drivers—except in cases where the carrier is negligent or engaged in criminal wrongdoing—could strike a fair balance between public safety and reasonable business risk. Such protection would be analogous to the federal Graves Amendment (49 U.S. Code § 30106), which shields rental and leasing companies from vicarious liability for injuries caused by their renters, provided the company itself was not negligent or criminally responsible.

Florida offers a relevant example. State law limits liability for TNCs if: (1) the TNC was not negligent or criminally involved; (2) it fulfilled all legal requirements for the driver, such as background checks; and (3) it does not own or control the vehicle involved in the incident.[50]

Limiting vicarious liability for limousine companies could reduce their financial exposure and insurance costs while clarifying legal accountability by focusing responsibility on drivers.

However, concerns remain regarding worker protections and the risk that companies might evade responsibility for ensuring driver safety. Furthermore, shifting liability solely to drivers may increase their insurance premiums, potentially forcing limousine companies to compensate drivers at higher rates to offset these increased costs.

b) Federal Incentives for State Reform

The federal government has the authority to condition certain federal funds on states adopting specific laws or policies, including limits on vicarious liability or protections for non-negligent limousine operators. Such conditions could be tied to funding programs administered by the Federal Transit Administration (FTA), U.S. Department of Transportation safety grants, or initiatives from the National Highway Traffic Safety Administration (NHTSA).

Historically, this approach has been used to promote public safety. For example, in 1984, the federal government required states to enact mandatory seat belt laws to qualify for certain federal incentive grants. Similarly, the National Minimum Drinking Age Act of 1984 mandated that states set the legal drinking age at 21, or else face a withholding of 10% of their federal highway funds.

This power to attach conditions to federal funding stems from the Spending Clause of the U.S. Constitution. However, the U.S. Supreme Court has placed limits on the scope of this authority, emphasizing that any conditions must be clearly related to the federal interest involved.

[50] Fla. Stat. Ann. § 627.748 (18)

To condition federal grants on limousine liability tort reform, there would need to be a clear and direct connection between the federal government's goals, such as enhancing national transportation safety or infrastructure efficiency, and the state-level reforms being required. While legally feasible, implementing such conditions would be complex, involving significant legal scrutiny and political negotiation, and subject to constitutional constraints.

2. Broader Tort Reform Measures

To help stabilize insurance costs and improve the legal environment for limousine operators and insurers, states should consider a range of tort reform measures. This section focuses on curbing the use of Reptile Theory in litigation, regulating third-party litigation funding (TPLF), limiting contingency fees and non-economic damages, modifying negligence rules, and expanding alternative dispute resolution mechanisms.

a) Limit "Reptile Theory" Tactics

Reptile Theory is a contentious litigation strategy that is increasingly employed in personal injury cases involving commercial vehicles. It appeals to jurors' primal instincts by portraying the defendant as a public safety threat—regardless of whether the facts support such a narrative. By triggering fear and moral outrage, this tactic can distort the jury's focus, inflate damage awards, and lead to unjust verdicts. Its growing use is contributing to the rise in nuclear verdicts and escalating insurance premiums for commercial carriers.

To restore fairness and factual focus in civil litigation, states should adopt legislation that curbs the use of Reptile Theory tactics. Key reforms should clarify courtroom procedures and restrict the introduction of emotionally charged or irrelevant evidence. Recommended provisions include:

- **Restricting Regulatory Violation Evidence**: Prohibit the use of safety or regulatory violations in trial unless there is a direct causal connection to the injury.
- **Bifurcated Trials**: Separate liability and damages phases to ensure that evidence of corporate conduct or punitive damages is only considered if driver fault is first established.
- **Limit Vicarious Liability Claims**: Require plaintiffs to prove the driver's fault before pursuing claims against the employer or carrier. If the employer admits the driver acted within the scope of employment, direct negligence claims (*e.g.*, negligent hiring or supervision) should be excluded from the initial trial phase.

Texas House Bill 19 (2021) provides a strong template for reform. The law:[51]

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[51] HB19 is codified at § 72.051 *et seq.* of the Texas Civil Practice and Remedies Code

- **Allows a two-phase trial**: Phase one determines driver fault; phase two, if necessary, addresses employer negligence and exemplary (punitive) damages.[52]
- **Limits regulatory compliance evidence**: Compliance violations are only admissible in the first phase if they are directly tied to the cause of the crash.
- **Limits employer liability**: If the employer acknowledges the driver was acting within the scope of employment, the plaintiff cannot bring claims for negligent hiring, training, or supervision in phase one.

The legislation is intended to reduce emotionally driven, factually skewed trials and bring consistency back to verdicts. The Texas Department of Insurance is conducting a six-year study to assess HB 19's impact on litigation outcomes and insurance costs, a model that other states should follow.

b) Regulate Third-Party Litigation Funding (TPLF)

Third-party litigation funding (TPLF) enables outside investors—typically hedge funds or specialized financing firms—to finance lawsuits in exchange for a share of any settlement or judgment.[53] In many cases, funders also advance money to plaintiffs for living expenses or medical care while litigation is ongoing. These agreements are typically non-recourse, meaning plaintiffs do not have to repay the funder if the case is unsuccessful. While this model can expand access to justice by helping plaintiffs afford lengthy or complex litigation, the lack of oversight, transparency, and limitations on funder profits has raised serious concerns.

TPLF has become a powerful and largely invisible force in the legal system—one that can distort litigation incentives, delay resolution, and inflate insurance costs. Key risks include:

- **Increased Claim Volume and Severity**: With litigation costs covered, more plaintiffs are incentivized to sue—even when the likelihood of success is low. Funded cases often seek larger settlements to satisfy both the plaintiff and the funder.[54]
- **Extended Litigation Timelines**: Funders aim to maximize returns, not reach swift resolutions. This can prolong cases unnecessarily and increase legal expenses for all parties.
- **Excessive Funders' Returns**: Funders commonly take 20–50% of any award, and in some cases, repayment can exceed 100% of the original advance, leaving plaintiffs with

[52] Exemplary/punitive damages are awarded in addition to compensatory damages in civil lawsuits when the defendant's actions were particularly egregious or reprehensible.
[53] https://instituteforlegalreform.com/what-you-need-to-know-about-third-party-litigation-funding/
[54] www.claimsjournal.com/news/national/2021/12/10/307494.htm

little or no recovery after fees.[55] This dynamic encourages rejection of fair settlement offers and drives overall costs higher.[56]

- **Lack of Transparency and Market Impact:** Defendants, insurers, and sometimes even judges are unaware when a lawsuit is being influenced or financed by outside investors. This obscures the actual dynamics of a case, hindering accurate risk assessment, fair negotiation, and timely resolution. The result is greater legal uncertainty, which insurers offset by raising premiums broadly, even for operators with clean records.[57]

To mitigate these harms while preserving legitimate access to legal financing, states should adopt targeted reforms, including:

- **Mandatory Disclosure of TPLF Arrangements**: Require plaintiffs to disclose the existence of litigation funding agreements at the outset of a case, including the identity of the funder and any influence over litigation strategy or settlement decisions. Several states, including Louisiana, Wisconsin, and West Virginia, have already implemented disclosure laws, and others are considering similar measures.[58]
- **Caps on Funders' Returns (Similar to Usury Laws):** Limit the percentage of recovery that funders can claim, ensuring plaintiffs are not left with little or nothing after a favorable outcome. This would also reduce the pressure to pursue inflated settlements solely to satisfy third-party investors.

Transparency and fair profit limits will protect plaintiffs from predatory arrangements, help curb unnecessary litigation, and contribute to stabilizing commercial insurance rates in high-risk sectors, such as limousine transportation.

c) Cap Attorney Contingency Fees

Contingency fees are a common payment arrangement in which attorneys are compensated only if they win the case. Rather than charging an hourly rate, the lawyer receives a percentage of the monetary recovery obtained through settlement or court judgment. This model is widely used in personal injury litigation, where plaintiffs often lack the resources to pay legal fees upfront.

Several states, such as Connecticut, Michigan, and New Jersey, have enacted laws that cap contingency fees in personal injury cases, typically ranging from 33% to 45% of the amount recovered.[59] For instance, Connecticut employs a detailed sliding scale for fee limits:

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[55] www.transre.com/claims-update-third-party-litigation-funding/
[56] https://insmsp.com/blog/the-ripple-effect-how-third-party-litigation-funding-is-driving-up-insurance-rates/
[57] www.iii.org/press-release/triple-i-investors-fund-lawsuits-without-disclosing-their-role-072722
[58] Louisiana R.S. 9:3580.1 — 9:3580.7, and 9:3580.10 — 3580.12, Wisconsin Statute §804.01(2)(bg), West Virginia Code § 46A-6N-5.
[59] www.lawinfo.com/resources/personal-injury/contingency-fees-in-personal-injury-cases-payment-for-legal-services.html

- 33.33% of the first $300,000 recovered
- 25% of the next $300,000
- 20% of the next $300,000
- 15% of the next $300,000
- 10% of any amount exceeding $1.2 million.[60]

However, the majority of states impose no such limits on contingency fees, allowing attorneys to negotiate percentages freely with clients.[61]

While contingency fees help improve access to justice, they can also lead to perverse incentives. Attorneys may prioritize cases that are likely to settle quickly, such as auto accidents or no-fault claims, and push for inflated awards to maximize their earnings.[62]

Tort reform advocates argue for placing reasonable limits on contingency fees in cases where recovery is highly likely and the financial risk to attorneys is minimal. In such situations, they propose either lower percentage caps or requiring attorneys to charge hourly rates instead.

Sliding-scale structures, like Connecticut's, can help balance these interests. By reducing the percentage that attorneys receive as total recovery increases, the system reduces incentives to pursue excessively high awards, while still compensating lawyers fairly for successful outcomes.[63]

d) Limit Non-Economic Damages

Non-economic damages compensate for intangible harms, such as pain and suffering, emotional distress, and loss of companionship—injuries that lack a clear monetary value and are not directly tied to financial loss. These damages are often determined subjectively, and their unpredictability has raised concerns among legal and insurance professionals.

According to the American Tort Reform Association, "[t]he broad and unguided discretion given juries in awarding damages for noneconomic loss is the single greatest contributor to the inequities and inefficiencies of the tort liability system."[64]

Because such awards are highly susceptible to emotional appeals, they can result in disproportionately high payouts. This, in turn, contributes to higher insurance costs, especially in the commercial transportation sector.[65] To address this volatility, many states have imposed caps on non-economic damages, particularly in personal injury and medical malpractice cases. These

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[60] Conn. Gen. Stat. § 52-251c
[61] www.enjuris.com/personal-injury-law/negotiating-personal-injury-lawyer-fees/
[62] www.atra.org/issue/contingent-fee-reform/
[63] www.atra.org/issue/contingent-fee-reform/
[64] www.atra.org/issue/noneconomic-damages-reform/
[65] www.atra.org/issue/noneconomic-damages-reform/

statutory limits typically range from $250,000 to $1,000,000, depending on the jurisdiction and the severity of the injury. For example, California's longstanding MICRA law capped non-economic damages in medical malpractice cases at $250,000; however, recent reforms have since increased that limit.[66]

While proponents argue that caps promote predictability, reduce frivolous litigation, and help stabilize insurance premiums, opponents contend that limits deny seriously injured plaintiffs full and fair compensation. Critics argue that a one-size-fits-all cap fails to account for the unique and deeply personal nature of suffering, particularly in catastrophic injury or wrongful death cases.

Despite the controversy, caps on non-economic damages remain a key tool in tort reform. When carefully calibrated, they can:

- **Reduce litigation uncertainty** for insurers and defendants
- **Limit outsized jury awards** that can strain liability systems
- **Encourage affordable insurance premiums** for individuals and businesses

Because these reforms impact both plaintiffs' rights and the dynamics of the insurance industry, they are often the subject of intense legislative and legal scrutiny.

e) Adopt Modified Comparative Negligence

Comparative negligence is a legal doctrine used in personal injury and tort cases to allocate fault among multiple parties. Under this principle, a plaintiff may still recover damages even if they are partially at fault for the incident, though their compensation is reduced in proportion to their degree of responsibility.[67]

In pure comparative negligence states, plaintiffs can recover damages regardless of their share of fault. For example, a person found 99% at fault for an accident may still recover 1% of their total damages from the defendant. While this system provides broad access to recovery, it can also lead to outcomes that some consider unfair or overly permissive.

By contrast, most states have adopted a modified comparative negligence standard. Under this approach, a plaintiff is barred from recovering damages if they are found to be equally or more at fault than the defendant(s), usually at a 50% or 51% threshold, depending on the state.[68] For instance, under a 51% bar rule, a plaintiff who is 51% or more responsible for the incident cannot recover any damages. If they are 50% or less at fault, they can recover damages proportionally.

[66] www.nolo.com/legal-encyclopedia/how-does-the-micra-damage-cap-affect-california-medical-malpractice-case.html
[67] www.law.cornell.edu/wex/comparative_negligence
[68] www.justia.com/injury/negligence-theory/comparative-contributory-negligence-laws-50-state-survey/

Adopting a modified comparative negligence standard, such as the 51% bar rule, can reduce litigation and discourage speculative claims by holding plaintiffs accountable when they are largely at fault. While critics argue this may unfairly limit compensation—especially in complex cases or for vulnerable plaintiffs—many states view the approach as a fair balance that encourages legitimate claims while protecting against excessive liability.

f) Establish Pre-Litigation Screening Panels

Pre-litigation screening panels, which have been used successfully in medical malpractice cases, offer a promising tool to curb litigation abuse and reduce insurance costs in auto injury claims. These panels evaluate the merit of a case before it proceeds to trial, helping to identify frivolous or inflated claims early in the process. While common in the medical context, no state currently requires such panels for general personal injury or auto-related cases.

Given the rising frequency and severity of auto injury lawsuits, states should consider extending this model to motor vehicle injury claims. This would promote faster resolution of valid claims, reduce legal expenses, and discourage meritless litigation.

Pre-litigation screening panels offer a range of benefits for auto injury cases. By discouraging frivolous lawsuits and inflated claims, these panels help reduce the burden on courts and insurers while promoting a more efficient legal process. They support early case resolution, saving time and resources for all parties involved, including injured individuals who may otherwise face lengthy delays. Screening panels also enhance predictability in litigation, which enables insurers and attorneys to assess case value accurately. By lowering defense and litigation expenses, these panels contribute to more stable insurance premiums. Ultimately, they strengthen the integrity of the legal system by allowing courts to focus on legitimate claims with genuine merit.

A potential structure for auto injury panels could be:

	Components
Panel Composition	• One neutral attorney with experience in tort or insurance litigation • One licensed physician (*e.g.*, emergency medicine, orthopedics, or trauma care) • One retired judge or certified mediator to ensure procedural fairness
Applicability	• Required for all bodily injury claims arising from motor vehicle incidents that exceed a specified damages threshold (*e.g.*, $10,000).
Process Timeline	• Within 90 days of claim notification, parties submit relevant documents to the panel

	• Within 60 days of submission, the panel issues a non-binding written opinion
Panel Determination Categories	• Meritorious – evidence supports the claim • Non-meritorious – insufficient evidence to justify proceeding • Unclear – more facts or expert review required
Legal Implications	• The panel's opinion is admissible in court • Fee-shifting provisions apply if a party proceeds against the panel's recommendation and loses (*i.e.*, the losing party pays the other's legal costs)

g) Expand Alternative Dispute Resolution (ADR)

Encouraging the use of ADR can significantly improve the efficiency, fairness, and affordability of resolving automobile crash injury claims. ADR refers to methods such as mediation and arbitration that settle disputes outside the formal court system. These tools can offer faster, more predictable, and lower-cost alternatives to litigation, benefiting both injured claimants and insurers.

Traditional personal injury litigation can take months or years to resolve, even for relatively minor injuries.[69] The process is often burdened by attorney fees, extensive discovery, and court costs, which inflate settlement demands. These costs are ultimately passed on to all policyholders in the form of higher premiums, particularly in urban and high-risk markets.

By diverting suitable cases away from overburdened courts, ADR can help streamline the resolution process, limit unnecessary legal expenses, and reduce overall litigation exposure. With broader support, it can improve outcomes for claimants, lower legal costs, and help stabilize premiums—especially for small, routine claims—creating a fairer, more cost-effective system nationwide.

Several states have already implemented ADR in the context of motor vehicle claims, demonstrating its feasibility and effectiveness:

- **California** incorporates arbitration clauses into many uninsured/underinsured motorist coverage contracts.[70]
- **Delaware** requires mandatory arbitration for certain auto claims with the option to request a trial de novo, but with fee consequences for the losing party.[71]

[69] www.nolo.com/legal-encyclopedia/how-long-will-my-car-accident-case-take.html
[70] California Insurance Code § 11580.2(f)
[71] Delaware Department of Insurance Regulation 901, https://regulations.delaware.gov/AdminCode/title18/901

- **Florida** uses court-ordered mediation programs for auto injury cases to encourage early resolution.[72]

- **New York** applies mandatory arbitration in disputes over PIP benefits under the state's no-fault insurance system.[73]

To better manage auto-related injury claims, policymakers should support the following ADR mechanisms:

- **Mandatory Arbitration for Small Claims:** Enact legislation requiring binding or non-binding arbitration for lower-value bodily injury claims (*e.g.*, claims under $25,000). Arbitration limits discovery, increases predictability, and resolves claims faster.

- **Mandatory Pre-Suit Mediation:** Require mediation before filing a lawsuit, using a neutral facilitator to help parties settle without initiating litigation.

- **Early Settlement Incentives:** Impose fee-shifting or cost penalties on parties that reject reasonable ADR outcomes without just cause, to discourage bad-faith negotiations.

- **Fast-Track ADR for High-Frequency Operators:** Create specialized ADR tracks for high-volume claimants such as taxi companies, limousine fleets, and TNCs to handle claims efficiently and reduce system strain.

- **Specialized ADR Panels:** Form dedicated panels composed of professionals with expertise in automobile injury law and insurance practices, ensuring informed and consistent resolutions.

3. Insurance Reform

The structure and requirements of commercial auto insurance—particularly for limousine and other for-hire vehicle operators—have become increasingly misaligned with the realities of today's industry. Reform is urgently needed to eliminate inefficiencies, promote fair pricing, and ensure that drivers and passengers remain protected without burdening operators with excessive or duplicative insurance requirements. Two key strategies to achieve this are reevaluating Personal Injury Protection (PIP) mandates and expanding access to industry-specific workers' compensation coverage.

a) Reevaluate No-Fault PIP Requirements

Reducing or eliminating mandatory PIP coverage can help lower premiums, curb fraud, and stabilize the commercial auto insurance market. PIP pays for medical expenses and lost wages regardless of fault, but in many jurisdictions, it has become a magnet for inflated billing, staged

[72] Florida Statutes § 627.745
[73] https://www.dfs.ny.gov/complaints/file_no_fault_arbitration

accidents, and unnecessary treatments. This is especially prevalent in high-PIP states where abuse of the no-fault system drives up claim frequency and severity.

In a notable policy shift, the NYC Council recently lowered PIP limits for New York City for-hire vehicles (FHVs) to be more aligned with state standards (effective March 1, 2026).[74] This move acknowledges the fraud risks associated with high PIP limits and reflects a growing recognition that reform is necessary to stabilize insurance costs in the FHV sector.

Shifting to a fault-based liability system would require claimants to demonstrate negligence, thereby discouraging frivolous claims and giving insurers more control over risk exposure and settlement costs. Such a shift could improve loss ratios, restore predictability, and attract more insurance carriers back into the market, leading to increased competition and lower rates for commercial policyholders.

Importantly, eliminating PIP would not leave drivers unprotected. Most commercial drivers, including limousine operators, are covered by workers' compensation (WC) when injured while working. In fact, in states where both PIP and WC apply, WC is typically the primary payer, rendering PIP duplicative in many job-related injury cases. Reforming PIP requirements would therefore streamline coverage while maintaining safety nets for drivers.

b) Support Industry-Dedicated Workers' Compensation Funds

New York has pioneered successful models of industry-dedicated workers' compensation through the creation of specialized driver benefit funds: the Black Car Operators' Fund (1999) and the Independent Livery Drivers Benefit Fund (2008).[75] These funds collect contributions from base operators to ensure that independent contractors injured on the job receive essential benefits—medical care and partial wage replacement—without being classified as traditional employees.

This approach provides a way to extend WC protection to a range of FHV drivers, striking a balance between the need for driver coverage and the operational realities of the industry's contractor-heavy structure. Employee drivers, such as those working for larger limousine companies, continue to be covered through standard workers' compensation policies, while taxi medallion owners are generally required to provide coverage for lease drivers.[76]

Expanding access to industry-dedicated workers' compensation funds offers a scalable, cost-effective alternative to outdated no-fault mandates. These funds provide reliable, no-fault protection for occupational injuries while helping to reduce dependency on the commercial auto insurance system for worker-related claims, easing market pressures and promoting more sustainable premium levels.

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[74] www.insurancejournal.com/news/east/2025/06/13/827575.htm

[75] The Black Car Fund was signed into law in May 1999 (Chapter 49 of the laws of 1999), and the Livery Drivers Benefit Fund was signed into law in July 2008 (Chapter 392 of the Laws of 2008).

[76] www.wcb.ny.gov/content/main/coverage-requirements-wc/taxi-cabs

c) Alternative Coverage Models—Modified TNC "App On/App Off" Coverage

Insurance mandates differ significantly between limousines and TNCs, reflecting their distinct operational models. Limousines are treated as full-time commercial vehicles and must maintain continuous coverage, regardless of whether the vehicle is in use. By contrast, TNC regulations are designed around part-time, intermittent activity and use a tiered framework tied to the driver's status:[77]

- **Offline:** The driver's personal auto policy applies.
- **Period 1 (App on, waiting for a ride):** The TNC provides some liability coverage, typically $50,000 per person/$100,000 per accident for bodily injury, plus $25,000 for property damage.
- **Periods 2 & 3 (Ride accepted through trip completion):** Coverage increases substantially, typically $1 million or $1.5 million in liability and sometimes UM/UIM coverage as well.

For the limousine industry, exploring alternative coverage structures—such as a modified, period-based approach—could help align premiums more closely with actual exposure. One option would be to trigger higher coverage from the moment a vehicle leaves the garage until its return, while applying lower-cost coverage when the vehicle is idle. This model could provide operators with greater affordability and flexibility.

Implementing a period-based or usage-based model for limousines raises practical challenges and may not be viable for all operators. Insurers would require precise trip and vehicle data to determine when different coverage levels apply. Without reliable, standardized, and verifiable data, insurers and operators may face disputes over whether a claim occurred during a higher-coverage or lower-coverage period. This can delay settlements and increase administrative costs.

As insurance costs continue to escalate, exploring modernized frameworks offers a potential pathway to both affordability and sustainability for the industry.

V. Conclusion

The limousine and for-hire vehicle industry is facing an unsustainable insurance environment. Commercial auto premiums have risen sharply due to a combination of legal, regulatory, environmental, and market-driven factors. While these challenges are complex, one theme is

[77] https://content.naic.org/insurance-topics/commercial-ride-sharing

clear: operators are shouldering increasing costs despite demonstrating strong safety performance, modest claims histories, and responsible business practices.

Many fleets have adopted advanced safety programs, implemented telematics, and maintained clean loss records, yet these efforts are often overlooked or undervalued in underwriting decisions.

Meanwhile, broader systemic issues such as litigation abuse, insurance fraud, outdated regulatory frameworks, and extreme weather losses continue to drive up costs across the board. Without meaningful reform, the gap between premium increases and actual risk will continue to grow, straining small and mid-sized operators and limiting consumer access to safe, reliable, and professional transportation options.

This report outlines actionable strategies—ranging from risk management at the fleet level to regulatory and legal reforms—that can help stabilize the market, restore fairness, and improve the long-term sustainability of commercial auto insurance. Addressing these challenges will require collaboration among insurers, regulators, legal stakeholders, and industry leaders, but the need for change is urgent and clear.

Appendix A: 2025 NLA Industry Survey Results

The following appendix summarizes responses from the 2025 NLA Industry Survey, conducted in coordination with the National Limousine Association to understand insurance-related challenges faced by operators nationwide. A total of 48 limousine operators completed the survey. Results are presented by topic area below.

Insurance Providers

The following results summarize how survey respondents answered questions related to their current insurance providers, including the type of insurer they use and the length of their existing relationships:

- Approximately **87%** of respondents reported using a traditional insurance company.
- **Three respondents** said they use a captive insurer.
- **None** reported being self-insured.
- Most operators had been with their current insurer for either **1–3 years (~40%)** or **more than 5 years (~30%)**, suggesting a tendency to either remain with a carrier long-term or switch after a few years to pursue better rates.

Insurance Coverage & Deductibles

This section summarizes respondents' answers to questions about the amount and type of liability coverage they carry, whether they purchase coverage beyond legal minimums, and their preferences around deductibles.

- The **average liability coverage** reported was:
  - **$2.8 million** for sedans and SUVs
  - **$4.78 million** for vans carrying 9–15 passengers
- **59%** of respondents said they carry only the **minimum coverage required by law**.
- Among those who carry **excess insurance**, **53%** said it was to protect their business assets. *(Note: only 19 respondents answered this question.)*
- A significant majority (**~86%**) reported having a deductible.
  - **63%** said they would accept a **higher deductible in exchange for a lower premium**
  - **26%** were unsure

Insurance Premiums

The following data reflects how operators responded to questions about recent premium trends, perceived reasons for rising costs, and their expectations for future rate changes.

- Nearly **87%** of respondents reported that their premiums have increased over the past three years.
- The most common increase was in the **10–15% range**
- **46.5%** were **unsure of the cause**
- **32.5%** cited **inflation**
- **12%** attributed increases to **loss run history (claims)**
- **67%** expect insurance costs to continue rising at similar rates over the next 3–5 years

Percent Increase in Premiums (Past Three Years)

Percent Increase	Respondents
Less than 5%	2.27%
5–10%	18.18%
10–15%	27.27%
15–20%	13.64%
20–25%	6.82%
Over 25%	25.00%
Unsure	2.27%
Total	44

Specific Costs per Vehicle

This section details operator-reported annual insurance costs per vehicle, broken down by vehicle type and seating capacity.

- **Sedans & SUVs (1–8 passengers)**
  - 35% spend **under $5,000**
  - 46% spend **$5,001–$10,000**

    - 17% spend **more than $10,000**
- **Vans (9–15 passengers)**
    - 26% spend **under $5,000**
    - 45% spend **$5,001–$10,000**
    - 23% spend **$10,001–$15,000**
- **Minicoaches (16–40 passengers)**
    - 44% spend **$10,001–$15,000**
    - 44% spend **$15,001–$25,000**
- **Motorcoaches (40+ passengers)**
    - 42% spend **under $15,000**
    - 42% spend **$15,001–$25,000**
    - A few reported costs as high as **$45,000 per vehicle**

Claims History

Here are the results from questions about recent insurance claims, including the number of claims operators have filed, whether any exceeded policy limits, and whether respondents experienced issues with claims handling.

- **49%** of respondents reported **no claims** in the past three years
- **45%** reported **1–5 claims** in the past three years
- **93%** indicated **no claims or lawsuits** exceeded policy limits
- **80%** reported **no problems with claims handling**
- **14%** said they experienced issues with **first-party claims** either being denied or underpaid

Risk Mitigation & Safety Programs

This section captures responses about safety and risk management practices, including the use of telematics, driver training programs, camera systems, and insurer-provided loss control support.

- **79%** of respondents said their company has a **formal risk mitigation or safety program**, which may include:
    - Safety training (**87%**)

    - Telematics for monitoring speed, location, and behavior (**79%**)
    - Exterior-facing cameras (**76%**)
    - Driver review procedures (**74%**)
    - Interior-facing cameras (**66%**)
    - Required defensive driving courses (**47%**)
- **93%** require drivers to perform **pre-trip vehicle inspections**, but only **28%** require drivers to deliver a **passenger Safety Briefing** (e.g., encouraging seatbelt use)
- **46%** reported that their insurance carrier provides **on-premises loss control** services
- **65%** of respondents use **telematics or cameras** in their fleet
    - **28%** installed telematics to receive **insurance discounts**
    - **23%** reported a **decline in claims or accidents** after installing telematics
    - **8.6%** said their **insurance provider requires** telematics
    - **8.6%** said their **client contracts require** it
    - Among those not using telematics, **cost (~24%)** was the most commonly cited barrier

Appendix B: Limousine Insurance Limits in Major U.S. Cities

This appendix provides a snapshot of minimum liability insurance requirements for limousine operators in select major U.S. cities along with the state-level requirements, if different. The purpose is to illustrate regional differences in regulatory standards and highlight how insurance mandates vary across jurisdictions. These limits often reflect local priorities related to public safety, vehicle size, and service type.

For split limits in this table, the first number is the minimum Bodily Injury (BI) liability limit for one person injured in an accident. The second number is the minimum BI liability limit for all persons injured in an accident. The third number is the minimum Property Damage (PD) liability limit.

All passenger counts include the driver. Regulations that list the number of passengers without the driver have been adjusted accordingly.

City	Local Requirement	State Requirement
Austin, TX	• Limousine (4+ passengers): $100,000/$300,000/$25,000 • PIP: $2,500 per person	• 16–26 passengers: $500,000 CSL • 27+ passengers: $5 million CSL • Other commercial: $30,000/60,000/25,000
Boston, MA	Same as state	• 1–15 passengers: $1.5 million CSL • 16+ passengers: $5 million CSL • Sightseeing/charters (< 32 seats): $1.5M CSL

Charlotte, NC	Vehicle for Hire: $100,000/$300,000/$50,000	• Commercial auto: $30,000/$60,000/$25,000
		• Vehicle for Hire: $100,000/$300,000/$50,000
		• For-Hire Motor Carrier
		  ○ 1–15 passengers: $1.5 million CSL
		  ○ 16+ passengers: $5 million CSL

City	Local Requirement	State Requirement

Chicago, IL	Livery (1–9 passengers): $350,000 CSL	• 10–13 passengers: $1 million BI, $100,000 PD
		• 14–20 passengers: $1.5 million BI, $100,000 PD
		• 21–30 passengers: $2 million BI, $100,000 PD
		• 31+ passengers: $3 million BI, $100,000 PD
		• Other for-hire (≤ 9 passengers):
		  ○ $250,000/$250,000/$50,000
		  ○ $300,000 CSL

Columbus, OH	Livery: $500,000 CSL	• 1–15 passengers: $1.5 million CSL • 16+ passengers: $5 million CSL
Dallas, TX	• Pre-ride (1–15 passengers): $50,000/$100,000/$25,000 • 1–5 passengers: $300,000 • 6–10 passengers: $500,000 • 11–14 passengers: $1 million	• 16–26 passengers: $500,000 CSL • 27+ passengers: $5 million CSL • Other commercial: $30,000/$60,000/$25,000
Denver, CO	No local regulation	• 1–8 passengers: $500,000 CSL • 9–15 passengers: $1.5 million CSL • 16–32 passengers: $3 million CSL • 33+ passengers: $5 million CSL
Detroit, MI	No local requirement	• 1–8 passengers: $1,000,000 CSL
El Paso, TX	Same as state	See Dallas entry
Fort Worth, TX	1–15 passengers: $500,000 CSL	See Dallas entry
Houston, TX	1–15 passengers: $500,000 CSL	See Dallas entry
Indianapolis, IN	No local regulation	• 1–15 passengers: $1.5 million CSL • 16+ passengers: $5 million CSL (At least equal to 49 C.F.R. 387.33)
Jacksonville, FL	Same as state	• Limousines: $125,000/250,000/50,000 *or* $300,000 CSL • Non-public buses: $125,000/250,000/50,000 *or* $300,000 CSL
Las Vegas, NV	No local regulation	• 1-7 passengers: $1.5 million CSL • 8-15 passengers: $1.5 million CSL • 16 or more passengers: $5 million CSL

City	Local Requirement	State Requirement

New York City, NY	• Black Car & Livery (≤ 8 passengers):
	  ◦ \$100,000/\$300,000 BI & Death
	  ◦ \$10,000 PD
	  ◦ \$200,000 PIP
	• Luxury Limo (≤ 8 passengers):
	  ◦ \$500,000/\$1 million BI
	  ◦ \$200,000 PIP
	• 8–15 passengers:
	  ◦ \$1.5 million CSL
	  ◦ \$200,000 PIP
	• 16–20 passengers:
	  ◦ \$5 million CSL
	  ◦ \$200,000 PIP
		• 8 or fewer passengers:
		  ◦ \$25,000/\$50,000 BI
		  ◦ \$50,000/\$100,000 death
		  ◦ \$10,000 PD
		  ◦ \$50,000 PIP
		• 9+ passengers: \$1.5 million CSL

Los Angeles, CA	No local regulation	• 1–8: \$750,000 • 9–15 passengers: \$1.5 million • 16+ passengers: \$5 million
Las Vegas, NV	No local regulation	• 1–8 passengers: \$1.5 million CSL • 9–15 passengers: \$1.5 million CSL • 16+ passengers: \$5 million CSL
Miami, FL	Same as state	See Jacksonville entry

Nashville, TN	• Limousine:
	  ◦ \$1 million CSL
	  ◦ \$25,000/\$50,000/\$15,000 UI/UM
		• 8+: \$1 million CSL

Oklahoma City, OK	Vehicle for hire (1–10 passengers): Same as state requirements	• 1–6 passengers: \$100,000 CSL • 7–9 passengers: \$750,000 CSL • 10–15 passengers: \$1 million CSL • 16+ passengers: \$5 million CSL

City	Local Requirement	State Requirement

Philadelphia, PA	1–16 passengers: $1.5 million CSL	• 1–15 passengers:
		  ○ $15,000/$30,000/$5,000
		  ○ $25,000 medical benefits, $10,000 wage loss benefits
		• 16–28 passengers: $1 million CSL
		• 29+ passengers: $5 million CSL

Phoenix, AZ	No local regulation	• 1–8 passengers: Either
		  ○ $250,000 CSL + $250,000 UM *or*
		  ○ $25,000/$50,000/$20,000 pre-ride *and* $250,000 CSL + $250,000 UM during ride
		• 9–15 passengers:
		  ○ $750,000 CSL
		  ○ $300,000 UM
		• 16+ passengers:
		  ○ $5 million CSL
		  ○ $300,000 UM

San Antonio, TX	• 1–15 passengers: $500,00 CSL • 16+ passengers: Same as state	See Dallas entry
San Diego, CA	No local regulation	See Los Angeles entry
San Jose, CA	No local regulation	See Los Angeles entry
Seattle, WA	No local regulation	• Limousine (1–14 passengers): $1,050,000 CSL • Passenger Carrier (1–15 passengers): $1.5 CSL • 16+ passengers: $5 million CSL
Washington, DC	Luxury Class Vehicle: • $10,000/$20,000/$5,000 • $25,000/$50,000/$5,000 UI	Not applicable