Supreme Court Rules Freight Brokers Face State Negligent-Hiring Claims: What You Need to Know Now

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***Montgomery v. Caribe Transport II, LLC*, 608 U.S. ___ (May 14, 2026)**

On May 14, 2026, the U.S. Supreme Court issued its decision in *Montgomery v. Caribe Transport II, LLC*, reversing the U.S. Court of Appeals for the Seventh Circuit and holding that state court negligent-hiring claims against freight brokers are *not* preempted by the Federal Aviation Administration Authorization Act (FAAAA), 49 U.S.C. § 14501(c). Justice Barrett delivered the opinion for a unanimous Supreme Court, with Justice Kavanaugh filing a separate concurrence joined by Justice Alito. The decision resolves a long-standing federal circuit split and has immediate, significant implications for freight brokers operating in the United States.

Background

This case arose from a December 2017 highway collision in Illinois. Shawn Montgomery was struck by a tractor-trailer driven by Yosniel Varela-Mojena, an employee of motor carrier Caribe Transport II, LLC. The shipment had been arranged by freight broker C.H. Robinson Worldwide, Inc. Montgomery sustained severe, permanent injuries — including an amputation — and sued all defendants, alleging that C.H. Robinson was negligent in hiring Caribe Transport despite its conditional safety rating from the Federal Motor Carrier Safety Administration (FMCSA).

Both the district court and Seventh Circuit held that the FAAAA preempted the negligent-hiring claim against C.H. Robinson and that the statute's safety exception did not apply. The Supreme Court granted certiorari to resolve the circuit split between the Seventh and Eleventh Circuits (which had ruled for the brokers) and the Sixth and Ninth Circuits (which had ruled for the plaintiffs).

The Holding

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The Supreme Court held that a state law negligent-hiring claim against a freight broker is saved from FAAAA preemption by the statute's safety exception, which provides that the preemption provision "shall not restrict the safety regulatory authority of a State with respect to motor vehicles." 49 U.S.C. § 14501(c)(2)(A). The Supreme Court reversed the Seventh Circuit and remanded for further proceedings.

Supreme Court's Reasoning

- **Common-law duties are part of state safety authority.** All parties agreed that common-law duties and standards of care constitute part of a state's authority to regulate safety.
- **"With respect to motor vehicles" means "concerns."** Following prior precedent in *Dan's City Used Cars, Inc. v. Pelkey*, 569 U.S. 251 (2013), the Supreme Court gave the phrase its ordinary dictionary meaning of "referring to," "concerning," or "regarding."
- **The negligent-hiring claim "concerns" motor vehicles.** Requiring a broker to exercise reasonable care in selecting a carrier "concerns" motor vehicles — most obviously, the trucks that will transport goods. The claim therefore falls within the safety exception.

Addressing C.H. Robinson's Counterarguments

The Supreme Court dispatched three principal counterarguments raised by C.H. Robinson and the United States:

- **The safety exception does not swallow the preemption provision.** State laws related to motor carrier prices, routes, and services with no relationship to safety — such as rate-setting or highway restrictions — remain preempted.
- **The surplusage argument fails.** Overlap between the safety exception and other carve-outs (such as for highway route controls and weight limits) exists regardless of how "with respect to motor vehicles" is defined, because any redundancy flows from the reference to "safety" rather than

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that phrase.

- **The anomaly with § 14501(b) does not control.** While C.H. Robinson pointed out that subsection (b), covering intrastate broker services, has no safety exception, the Supreme Court declined to rewrite subsection (c)(2)(A)'s plain text to resolve that structural tension. As the court put it: "Better to live with the mystery than to rewrite the statute."

Justice Kavanaugh's Concurrence

Justice Kavanaugh, joined by Justice Alito, wrote separately to acknowledge the genuine difficulty of the question. He candidly observed that the contextual arguments favoring brokers, including the lack of mandatory insurance requirements for brokers and the structural anomaly created by § 14501(b), are "powerful" and make this "a closer case" than the majority opinion may suggest. Ultimately, however, he agreed that Congress, through "oblique language in an economic-deregulation statute," should not be read to have simultaneously preserved state tort suits against negligent trucking companies while categorically immunizing brokers that negligently select unsafe carriers.

Justice Kavanaugh also stressed important limiting principles that the industry should note:

- **Brokers are not automatically liable.** Brokers that have acted reasonably and contracted with reputable carriers should be able to mount successful defenses. Liability is not strict — it is negligence-based.
- **Proximate cause remains a meaningful check.** State tort law's proximate-cause requirement should help filter cases where the broker's selection had no meaningful causal connection to the accident.

Implications for Brokers

1. Immediate Legal Exposure

The decision creates the following immediate consequences for freight brokers:

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- **State negligent-hiring claims are now viable nationwide**. Plaintiffs in all circuits may bring negligent-selection claims against brokers for interstate shipments. The prior circuit split, which had largely shielded brokers in the Seventh and Eleventh Circuits, is eliminated.
- **Intrastate shipments remain preempted**. The Supreme Court's holding is limited to interstate shipments governed by § 14501(c). Negligent-selection claims arising from intrastate broker services remain preempted under § 14501(b)(1), which has no safety exception.
- **Insurance and litigation costs will increase**. As Justice Kavanaugh acknowledged, expanded broker liability will likely cascade through the economy in the form of higher insurance premiums, increased litigation exposure, and elevated compliance costs.

2. Operational Risks

Beyond legal liability, brokers face several significant operational risks:

- **Heightened carrier-vetting obligations:** Brokers that hire carriers with conditional or unsatisfactory FMCSA safety ratings face particularly acute liability exposure. A broker's own internal policies on carrier selection could now be discoverable and potentially used against it, as was alleged in this case.
- **Confidential safety information gap:** Driver safety records are not typically accessible to brokers. This information asymmetry creates practical compliance challenges and could expose brokers to liability for risks that may be structurally difficult to assess.
- **Market concentration pressure:** Liability exposure may drive consolidation toward larger, established carriers and brokers with robust, auditable compliance infrastructure, potentially squeezing smaller carriers and brokers out of the market.
- **State-by-state patchwork:** While the federal standard remains one of reasonable care under state common law,

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individual state tort regimes vary. Brokers with multi-state operations must manage potentially differing standards across jurisdictions.

Recommendations

In light of the Supreme Court's holding in *Montgomery v. Caribe Transport II*, brokers may want to consider the following steps:

1. Audit and Formalize Carrier-Vetting Protocols

Brokers should review their carrier selection policies and practices to ensure they reflect a reasonable due diligence standard. A recommended carrier-vetting program should include:

- Verifying active FMCSA operating authority and registration.
- Reviewing FMCSA Safety Measurement System (SMS) scores and Behavior Analysis and Safety Improvement Categories (BASIC) percentiles.
- Avoiding carriers with conditional or unsatisfactory safety ratings, absent specific and documented justification.
- Confirming adequate liability insurance coverage exceeding minimum federal requirements where commercially reasonable.
- Periodically re-screening approved carriers, not merely at onboarding.
- Documenting all diligence steps taken and the rationale for carrier selection decisions.

2. Review and Update Carrier Agreements

Broker-carrier agreements should be reviewed and updated to:

- Include robust safety representation and warranty provisions requiring carriers to maintain compliance with all applicable FMCSA regulations.
- Require carriers to promptly notify brokers of any change in safety rating or adverse regulatory action.

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- Include indemnification provisions that allocate responsibility appropriately where the carrier's negligence causes a loss.
- Confirm that carriers carry adequate insurance with the broker named as an additional insured.

3. Evaluate Broker Liability Insurance Coverage

Brokers should consult with their insurance advisors to assess whether existing contingent liability or errors and omissions policies adequately cover negligent-selection claims in light of the Supreme Court's decision. Given the anticipated increase in claims, policy limits and exclusions should be reviewed carefully.

4. Engage with Industry Groups on Legislative Options

As Justice Kavanaugh noted in his concurrence, the industry may seek relief from Congress. Brokers and their trade associations should evaluate whether to pursue legislative amendments to the FAAAA, such as a clarification of the scope of the safety exception, or a federal safe harbor for brokers who comply with specified due diligence standards, as a longer-term risk mitigation strategy.

5. Assess Pending Litigation

Brokers with pending litigation in circuits that had previously ruled in their favor should immediately consult with counsel. Cases that were stayed, dismissed, or defended based on preemption arguments will need to be reassessed in light of the Supreme Court's holding.

6. Train Operational Teams

Compliance and carrier relations teams should be trained on the legal standards that now apply. Employees responsible for carrier selection should understand that their vetting decisions carry legal consequences and that documentation of those decisions is critical to mounting a successful defense.

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The bottom line: *Montgomery v. Caribe Transport II* is a watershed ruling for the freight brokerage industry. The unanimous decision resolves a longstanding circuit split and establishes that freight brokers are not categorically shielded from state tort liability when they negligently select unsafe motor carriers. Brokers that implement robust, documented, and consistent carrier-vetting programs will be well-positioned to defend against claims. Those that do not will face heightened exposure.

Key Takeaways

- Brokers should audit and formalize carrier-vetting protocols going forward to ensure that they reflect reasonable due diligence.
- Brokers should review and update carrier agreements to allocate new risk and responsibilities appropriately.
- Brokers should consult with their insurance advisors to assess whether existing contingent liability or errors and omissions policies adequately cover negligent-selection claims.
- Brokers should engage with industry groups on legislative options and lobbying efforts.

For tailored guidance on compliance, contracting, and risk mitigation following the Supreme Court's *Montgomery v. Caribe Transport II* decision, please contact the author or any member of FBT Gibbons' Manufacturing and Supply Chain teams.

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