USPS Highway Contract Route Carrier Legal Issues for Closing Out 2026

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Authors: Christopher C. Razek, Robert (Bob) Pleines, Jr.

Featured Industries: Transportation & Logistics

As we approach the end of 2026, Highway Contract Route ("HCR") carriers and brokers operating in the USPS surface transportation network face several critical legal developments that could significantly impact their operations and liability exposure.

The Montgomery Decision

The most significant development of 2026 came on May 14, when the U.S. Supreme Court decided *Montgomery v. Caribe*. The Court held that the Federal Aviation Administration Authorization Act ("FAAAA") does not preempt state-law negligent-selection claims against freight brokers. This decision resolved a longstanding circuit split. Previously, the Ninth Circuit held that the FAAAA preempted such claims while the Seventh Circuit disagreed. The Court reasoned that negligent-selection claims do not "relate to" a broker's "price, route, or service" within the meaning of 49 U.S.C. § 14501(c)(1).

For HCR brokers, this means the federal preemption defense is no longer available when facing state-law negligence suits for selection, hiring, or retention of purportedly unsafe motor carriers. Brokers can now be sued in state courts across the country under state negligence law claims, significantly increasing litigation costs. Dismissing negligent-selection claims on motion will be more difficult, and discovery will focus heavily on the reasonableness of carrier vetting and causation issues.

The Nuclear Verdict Crisis

"Nuclear verdicts," commonly understood as jury awards exceeding $10 million, continue to define trucking litigation. Recent examples include a Texas verdict of approximately $600 million in a fatal crash case and a California verdict of approximately $52 million involving a USPS contracted load subcontracted three times.

These outsized verdicts are driven by the "reptile theory," in which plaintiff attorneys frame a defendant's conduct as a threat to community safety to invoke juror survival instincts. Third-party litigation funding and anchoring tactics further contribute to social inflation. Even relatively minor accidents can lead to catastrophic awards if safety compliance documentation is inadequate.

Risk Management Strategies

In light of these developments, carriers are deploying stringent safeguards to eliminate potential inferences of unsafe behavior. Best practice always begins with compliance with applicable law. Carriers must maintain complete driver qualification files, hours-of-service compliance, ELD mandate compliance, and telematics/safety monitoring programs. Telematics data is both a sword and a shield-it supports safety programs but is fully discoverable if it reveals ignored alerts.

For brokers, documented carrier vetting is now essential, including verifying FMCSA operating authority, checking safety ratings via SAFER/SMS, reviewing insurance certificates, and requiring minimum safety standards. All parties should maintain contemporaneous documentation to defend against reptile-theory tactics and implement proactive audit protocols.

Additionally, independent contractor compliance remains under heightened scrutiny from the IRS, DOL, and state agencies. Maintaining arm's-length relationships with clear contracts is critical. Contractual protections-including indemnification clauses, additional insured requirements, insurance minimums, and limitation of liability provisions-should be reviewed regularly.

USPS Program and Compliance Updates

USPS continues to implement its network consolidation under the Delivering for America plan, building new Regional Processing and Distribution Centers and optimizing surface transportation routes. Contractors should anticipate more frequent route modifications as USPS employs dynamic route optimization through data analytics. Additionally, the Surface Visibility initiative requires HCR contractors to provide real-time tracking and scanning data. Non-compliance can result in financial penalties, reduced contract scores, and potential disqualification from future awards.

As 2026 draws to a close, HCR carriers and brokers face an evolving legal landscape that demands heightened attention to compliance, documentation, and risk management. Proactive investment in these areas is not just good practice-it's essential protection against the significant liability exposure that characterizes today's trucking litigation environment.

Chris Razek is a senior managing associate in the Transportation & Logistics Practice Group at Benesch Law. He may be reached at 216-363-4413 or crazek@beneschlaw.com. Bob Pleines is an associate in the Transportation & Logistics Practice Group at Benesch Law. He may be reached at 216-363-4491 or rpleines@beneschlaw.com.