

PROPERTY & CASUALTY

Trucking Market Update

Q4 2023



Overview

As we enter the end of 2023, trucking market rates have balanced considerably compared to last year. Most standard trucking insurance carriers are writing flat to 5% inflationary increases for accounts with adequate losses and fewer than two alerts on their CAB report. Accounts with poor loss history or more than two alerts on their CAB report could still face significant increases. Even with operating margins considerably low for trucking carriers, many still face the rising costs of fuel, repairs and low brokerage rates.

Two significant events defined Q3 for this sector: Nationwide Insurance leaving the market and Hallmark Insurance becoming insolvent. This led to trucking companies scrambling to find new coverage, and many additionally saw increases in the middle of their policy period. Insurance carriers are having difficulty pricing, and trucking brokers are driving rates down. These obstacles have significantly reduced margins for trucking carriers, and some large national truck companies have been forced to close.

Another factor in the market is insure-tech companies entering the marketplace with “risk-based pricing.” Some of these companies charge their amount of premium based on the data provided through telematics. This led to low rates, which were ultimately unsustainable and are now steadily increasing to meet market demands.

What Is Causing Rising Rates?

The S&P Global Market Intelligence said the combined ratio for commercial auto insurance was 101.5% in 2022. Factors contributing to this number include replacement costs, new technology and nuclear verdicts. Since the COVID-19 pandemic began waning, vehicles on the road have increased, which may increase the rate of unsafe and distracted driving, speeding and accidents.

How Can Your Broker Help?

Submissions to insurance companies should be as detailed as possible. Ten years of loss history and at least five years of premium and exposure history are typically required. Some business owners are wary of providing this information, but it is necessary to help reduce substantial premium increases.

Transparency is key. A trucking company needs to be transparent to help avoid being canceled, non-renewed or facing a rate increase if an underwriter learns information that was not previously disclosed.

Additionally, brokers should have a plan to help mitigate future claims by working with a team that has relationships and experience in the field. Brokers with experience and knowledge in the trucking market can help control claims costs and manage vendor/carrier relationships, ultimately benefiting a trucking carrier in the long term.



How Brown & Brown Can Help

Connect with our Brown & Brown team to learn about our knowledge in your industry, how we build our risk mitigation strategies and how we can aid your business in building a cost-saving program.



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