

**Outlook.**

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# Transportation

Diversification, new technologies  
driving success in transportation.



Risk & Insurance | Employee Benefits | Retirement & Private Wealth



# What to Expect in 2024

Shifting economic conditions and explosive growth in certain segments of the transportation industry have led many transportation companies to merge into new lanes of business. The industry's embrace of technology and willingness to diversify into other types of transport will boost fleet resiliency, though driver shortages will remain an obstacle. Transportation companies adept at managing risk will gain the greatest mileage.



The transportation industry  
predicts it will be short

**160,000**

drivers by 2030.

American Journal of Transportation, "[The Truck Driver Shortage in the US Continues](#),"  
August 3, 2023.

## Shifting gears will keep fleets profitable.

Economic challenges remain the top concern among transportation executives polled for the HUB International 2024 Outlook Executive Survey,<sup>1</sup> and three-quarters are confident in their ability to effectively address the impact of the global marketplace on profits. Fortunately for those unprepared for economic unpredictability, the freight market is on a slow but steady upswing.<sup>2</sup> Companies that diversify and better assess their fleet assets — both equipment and drivers — are in the best position to derive rewards.

The economic environment has shifted over the past few years. After record freight growth in 2021,<sup>3</sup> the market has stalled, freight rates are depressed and warehouses are full.

Although the high fuel costs of 2021 and 2022 have tempered, rock-bottom spot rates and rising insurance rates are squeezing margins.<sup>4</sup> A difficult auto insurance marketplace presents additional risks, with most fleets expected to see rate increases in 2024.

More transportation companies have embraced shared freight and added last-mile delivery to their mix. Others are transitioning from flatbed to intermodal freight.

And some are making equipment modifications to be more energy efficient, winning business from shippers wanting their carriers to curb emissions and improve sustainability.

While these efforts will improve profits, they also bring operational risk, affecting risk management and insurance buying decisions. Changing freight patterns, differing procurement procedures of freight partners, sharing freight and more may fall under other regulatory rules and legislation, may require different permits and licenses and could lead to new exposures.



To protect their companies from these new exposures, transportation owners need to embrace analytics and create a plan for reducing risks. This should include analyzing critical data on the cost of risk, reviewing contracts and securing the right insurance. They can further reduce risks from business expansions by leveraging technology — linking critical dispatch and operations to compliance, risk and claims.

For example, a trucking firm moving into the last-mile delivery segment may not realize the increased risk of theft and delivery failures, and the impact of weather, traffic and less experienced drivers can have on the company's overall risk management program.

Transportation companies that engage in strategic risk financing and implement technology and tools to identify, measure and reduce exposures will be in the best position to ride out a difficult renewal and preserve their profitability.

1. HUB's 2024 Outlook Executive Survey polled 900 C-Suite and VP-level executives on the issues facing them on profitability, employee vitality and organizational resilience.
2. Commercial Carrier Journal, "[Freight market poised for growth next year](#)," August 20, 2023.
3. Commercial Carrier Journal, "[2021 to go down as a record year for carrier earnings](#)," February 15, 2022.
4. FreightWaves, "[Transportation prices fall notably again in July](#)," August 1, 2023.

# Stronger employee connections support retention.

The transportation industry may be poised for growth, but the persistent driver shortage — with more than 80,000 driver vacancies and a shortage of 160,000 drivers predicted by 2030 — threatens the industry’s very livelihood.<sup>5</sup>

**52%**  
of HUB’s transportation industry survey respondents said **lifestyle and insurance options were important** elements of their comprehensive benefits strategy.

This challenging labor market has intensified the focus on offering **employees benefits** that matter and are tailored to employees’ individual needs. In fact, 52% of HUB’s transportation industry survey respondents said lifestyle and insurance options were important elements of their comprehensive benefits strategy, and companies report that drivers are increasingly seeking financial advisory support.

More companies are taking a data-driven approach to benefits, using HUB Workforce Persona Analysis to identify what is most important to their drivers and provide a **quality employee experience (QEX)**. In-demand benefits may include connecting drivers to health insurance or **personal coverages** via online platforms, offering same-day advances on pay, providing financial wellness education and retirement savings plans or adding personal wellness and weight loss programs.

Larger companies hoping to attract independent equipment owner-operators and contract motor carriers also can make themselves more attractive by introducing those small businesses and self-employed drivers to benefits options available in the marketplace and allow them to choose options that support their financial and physical wellness.

Nearly 70% of long-haul truckers are classified as overweight and 80% suffer from at least one chronic disease.<sup>6</sup> Emerging artificial intelligence (AI) technologies and mobile apps in the marketplace can help drivers track critical health signals, which can improve their ability to pass biennial medical evaluations and increase overall health and retention rates.

Transportation businesses are also finding creative ways to boost morale and camaraderie, such as investing in driver incentive programs. By creating a program that rewards drivers based on behavior and performance, transportation businesses can reinforce their safety culture and more effectively recruit and retain top drivers.

5. American Journal of Transportation, [“The Truck Driver Shortage in the US Continues,”](#) August 3, 2023.
6. Enrollment First, Inc., [“How truck drivers can manage their health on the road,”](#) May 1, 2023.

## Technology will drive industry preparedness.



The industry has endured a decade of annual commercial auto rate increases, fewer insurance options and serious disruptions due to extreme weather events, pandemic shutdowns and ever-more-difficult risks like nuclear verdicts. Those events will test transportation companies' resiliency throughout 2024.

In the past five years, commercial auto has faced double-digit rate increases, but the marketplace is showing signs of softening. Although several large commercial auto insurers have reduced capacity or exited the commercial auto space,<sup>7</sup> an influx of insurtechs offering discounts as high as 20% to attract new clients are offsetting those market exits. As a result, most transportation companies will see rate increases in the high single digits. Best-in-class businesses with favorable loss history and a solid risk management plan may see much smaller increases for the first time in years.<sup>8</sup>

However, market innovations and the widespread adoption of technology are making insurance more affordable and available, while reducing the number and severity of accidents that lead to major claims. With nuclear verdicts against trucking companies rising to \$65.4 million in 2022, compared with \$10.3 million in 2020,<sup>9</sup> investment in technology can drive resiliency, reduce accident frequency and severity and prevent runaway jury awards.

Technology such as collision detection that provides first notice of loss can also improve the speed of claims resolution. The use of in-cab cameras in vehicles is growing at a rate of more than 16% annually. Nearly three-quarters of private trucking fleets use in-cab cameras.<sup>10</sup>

Adding relatively affordable dashcams, as well as sideview and back-up cameras, not only reduce the number of accidents, injuries and deaths, but they can have a real effect on litigation. Road-facing cameras exonerate drivers in 63% of cases and driver-facing cameras absolve drivers of responsibility in nearly half of accidents.<sup>11</sup>

**CASE STUDY:** One of HUB's clients, an aggregate hauler, invested in two-camera systems in its trucks on the advice of its broker. When an accident occurred, the company avoided a high-dollar claim when a recording of the incident revealed that their driver wasn't at fault. This prevented litigation, reduced incident frequency by 33% and ultimately provided the company with a 700% return on its investment.

7. Insurance Business, "[What Nationwide's E&S commercial exit means for the space](#)," September 11, 2023.
8. Transport Topics, "[Carriers Hoping to See Relief After Years of Insurance Premium Increases](#)," February 3, 2023.
9. Transportation Topics, "[Trucking Leads Growth in Nuclear Verdicts](#)," April 12, 2023.
10. National Private Truck Council, "[Benchmarking Survey Report 2023](#)," accessed September 12, 2023.
11. Heavy Duty Trucking, "[3 Reasons Your Work Trucks Need More Cameras](#)," August 1, 2023.

## Smart use of analytics keeps the industry trucking.

Transportation companies' widespread adoption of data and analytics shows no sign of slowing down, with the global transportation analytics market expected to reach \$37.4 billion by 2028, compared with \$11.5 billion in 2021.<sup>12</sup>

Organizations that learn to effectively leverage their data and analytics will reap significant rewards.

Extreme weather events cause nearly a quarter of all trucking delays and cost the transportation industry as much as \$3.5 billion annually.<sup>13</sup> As severe weather events increase, companies are embracing data and analytics to better manage and anticipate these risks.

Fleet vehicle tracking systems such as GPS, telematics, audio and video tracking and dashcams have become critical to asset management. Linking tracking to traditional risk management systems can help companies monitor the location of large-value shipments, alert drivers and dispatch of roadblocks en route, optimize routes and schedules, and identify maintenance issues and waste. They can also track claims by shipper and signal first notice of loss to reduce claims costs. Tracking systems linked to weather telematics notify both the company and driver of serious weather events and map alternate, safer routes.

And biometric sensors, which measure driver alertness, have the capacity to reduce accidents — many of which are caused by driver fatigue.<sup>14</sup>

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Despite their obvious benefits, transportation companies remain resistant to share their analytics with brokers and insurance partners. Only 30% of HUB survey respondents in transportation are willing to share the data necessary to access data-driven insurtech programs, captives or alternative risk financing.

One HUB client, a Pennsylvania trucking company, added a new telematics program to monitor aggressive and distracted driving and other undesirable driver behaviors. After three quarters of continuous monitoring and intervention, the company reduced accidents and speeding events by 42% and 10%, respectively, and reduced its riskiest driver average score by nearly nine points.

Transportation companies with a positive track record and the data to prove it should take advantage of the opportunity to tell their story through analytics: They can secure better terms and rates.

12. Research and Markets, "[Global Transportation Analytics Market](#)," January 2023.

13. U.S. Department of Transportation Federal Highway Administration, "[How Do Weather Events Impact Roads?](#)" February 1, 2023.

14. New York Times, "[Wearable Tech That Tells Drowsy Truckers It's Time to Pull Over](#)," February 11, 2020.

# Make a plan

HUB transportation insurance, risk management and employee benefits specialists will work with you to develop a tailored strategy that will protect the bottom line, support your workforce and build resiliency for 2024. Here are some initial considerations:



## Share your data.

Forget fears of Big Brother — transportation companies that share their data and analytics with their broker will reap benefits. Not only will they have additional information to mitigate risk, but they will also be able to tell their safety story to negotiate better terms and conditions with their carrier.



## Listen to your drivers.

Offering benefits tailored to the needs of your drivers can help you increase recruitment and retention. Find ways to connect them to benefits beyond health insurance and incentivize good driving through rewards programs.



## Invest in technology.

Embracing cameras and telematics — and making the most of your data and analytics to reduce risk — will improve your company's resiliency for years to come. For the best results, integrate your new technologies with traditional claims and first notice of loss system data. This will increase roadside safety and the company's efficiency.



## Be transparent with your broker.

Consistent communication with your broker will help you identify and mitigate issues in advance of your next renewal and position your organization in the best light. Review exposures and insurance needs at least 90 days prior to policy renewal to allow your broker to find the optimal mix of coverage for your organization's needs.

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# Transportation Industry Rate Guide – U.S.

HUB International interviews brokers and risk services consultants and analyzes survey data to bring you our proprietary rate report each quarter. Read the HUB 2024 Commercial Lines Rate Report to know what to expect in advance of your next renewal.

Coverage	2024 Transportation YOY Rate Outlook	Insights
<b>Commercial Auto: 5 vehicles or less</b>	+5% to 10%	Litigation funding and social inflation continue to present challenges in casualty lines. While increased medical costs are driving slight rate increases, companies with favorable loss experience will see nominal rate increases or even flat renewals.
<b>Commercial Auto: 5 vehicles or more</b>	+5% to 10%	Insurers are increasingly scrutinizing fleet safety management practices; larger fleets are purchasing their own tracking tools and hardware, such as cameras, to reduce insurance costs. Companies with fewer losses and best-in-class fleet management practices will see minimal rate increases at renewal.
<b>Physical Damage</b>	+5% to 15%	Rates are rising to offset loss costs driven by increased vehicle replacement costs, production backlogs on part replacements and labor costs. Labor shortages are also lengthening repair timelines.
<b>Motor Truck Cargo</b>	+5% to 15%	An uptick in cargo theft claims is expected to negatively affect rates in 2024.
<b>Warehouse Legal Liability</b>	Flat to +5%	Claims frequency has decreased; rates have stabilized. The increased use of anti-theft precautions, such as camera technology and fraud prevention, has decreased the prevalence of claims.
<b>General Liability</b>	Flat to +10%	Although most transportation companies will see rate increases in the single digits, those with larger deductibles will see increases of just a few percentage points or even decreases.
<b>Workers' Compensation</b>	-5% to Flat	Workers' compensation rates remain stable, but inflation may drive up future loss costs due to increases in wages and the cost of medical services, including prescription drugs.
<b>Umbrella &amp; Excess Liability</b>	+10% to 20%	Excess coverage limits continue to shrink. Finding capacity to fill a tower remains challenging: Companies requiring more than \$5M in limits generally must move to a shared/layered program. Insurers are significantly reducing limits offered at renewal. Transportation companies can expect to be offered only half the amount they previously secured in excess limits at renewal for the same or similar premium price.
<b>Cyber</b>	Flat to +10%	The cyber market has improved after a difficult few years. Although reports of ransomware activity and cybercrime are up, rates are holding steady, and the market remains competitive. However, if elevated claims activity continues, rates could rise.

**NOTE:** *Rate* is typically defined as the amount of money necessary to cover losses and expenses, as well as provide an insurance company with a profit for a unit of exposure. *Exposure* refers to a business' or individual's susceptibility to various daily risks. Carriers evaluate the level of risk an insured faces in calculating insurance premiums.



# HUB Transportation

When you partner with HUB, you're at the center of a vast network of experts who will help you improve your profitability, enhance the vitality of your workforce and remain resilient into the future. For more information on how to manage your insurance costs, reduce your risk and take care of your employees, talk to a HUB transportation advisor. We're here to help.

**\$1.6B**

in commercial insurance premium brokered by HUB

**23,000**

transportation clients

**55,000**

insurance policies managed

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