

Outlook 2025

Transportation

As the industry charts a new course, technology can help steer clear of obstacles.



Risk & Insurance | Employee Benefits | Retirement & Private Wealth

What to Expect in 2025

While not new, “nearshoring” will transform the supply chain in North America and open opportunities for the Canadian transportation industry. But other significant challenges — like changing independent contractor regulations, the ongoing driver shortage and sustainability costs — could make for a bumpy road in 2025. Companies that embrace data analytics and technology to drive their business strategy and operations forward will be better positioned to navigate the industry’s twists and turns.

32,600

The number of additional transport truck drivers employed in Q1 2024 as compared with Q1 2023.¹

1. Trucking HR Canada, [“Trucking HR Canada releases Q1 2024 labour market snapshot.”](#) May 24, 2024.

Improved navigation on risky roads can help ensure profitability.

Slowing inflation, lower gas prices and rising demand for transportation services are fuelling modest growth in the transportation sector after several years of economic challenges. The industry remains cautiously optimistic as companies across North America must navigate high operational and labour costs.²

According to the HUB International 2025 Outlook Executive Survey³, there is room for both optimism and concern about future profits. More than half — 52% — of transportation industry respondents indicated they're highly confident about performance and profitability in 2025. Yet these same leaders cited the following as most likely to adversely impact profits: government regulatory changes, increased expenses and geopolitical risks.

Some of those increased expenses come in the form of rising insurance costs. Twenty-nine percent of the companies surveyed acknowledged economic challenges and inflation have significantly impacted their ability to secure ample insurance coverage, and these challenges are likely to continue into 2025.

Commercial auto insurance is one of the most significant operational costs facing freight operators, with commercial auto losses continuing to be a problem for insurers who have responded with higher rates or by exiting the market altogether.

Most provinces reported that most auto coverages were not sustainable due to runaway repair costs and catastrophic losses.⁴ The situation is serious in Alberta, where a fixed rate cap has led several insurers to withdraw from the market completely.⁵ Transportation companies should expect additional premium increases through at least the beginning of 2025 as more carriers exit the market or reduce their liability limits, particularly for excess coverage.

Nearly three-quarters of respondents to the HUB survey indicated they don't have enough insurance to protect against risks that could hurt profits. However, cutting coverage to reduce costs is not an option. Instead, fleet operators need to rely on insurance analytics tools that can pinpoint their greatest areas of risk and advise on the level of coverage needed.

The ongoing push to reduce the transportation industry's carbon footprint is also demanding significant investment by transportation companies. While costly up front, this investment can lead to cost savings later from improved efficiency, lower fuel costs and more last-mile delivery (LMD) opportunities. Companies that provide last-mile delivery services particularly need to demonstrate sustainability when bidding for new business. Partnering with an insurance broker who can analyze their telematics data and identify fuel costs and opportunities for conservation is key to achieving a competitive advantage.

2. American Transportation Research Institute, "[Industry Costs Increased More Than 6 Percent During Freight Recession](#)," June 25, 2024.
3. HUB's Outlook Executive Survey polled 900 C-Suite and VP-level executives on the issues facing them on profitability, employee vitality and organizational resilience.
4. Canadian Underwriter, "[Why Canada's auto line isn't stable - or profitable](#)," July 23, 2024.
5. Insurance Business, "[Insurers' auto insurance appetite sinks amid Alberta rate cap](#)," August 6, 2024.

Alternative benefits options can drive recruiting, retention and employee engagement.



Maintaining a strong transportation workforce remains a critical issue for the industry. There were more than 3 million unfilled truck driver positions worldwide in 2023, and driver shortages are expected to worsen in the coming years.⁶

Providing comprehensive benefits solutions can differentiate employers in recruiting and retention. The massive acceleration in the use of data and analytics to manage costs and develop personalized benefits to retain drivers is emerging as a way to stand out from the competition. According to the HUB survey, 64% of transportation companies say benefits analytics are “significantly to extremely” important in formulating their benefits strategy. [Clinical informatics](#) can play a vital role in enabling companies to rethink their benefits strategy by predicting future [health plan costs](#) based on employee data.

Improving driver productivity, health and wellbeing are ongoing top priorities for transportation companies, but rising health insurance costs can stifle efforts to modernize benefits. With truck drivers prone to suffering from chronic health conditions (i.e., obesity, cardiovascular issues and depression) due to long stretches of inactivity and isolation, transportation companies need to provide access to tools for improving physical and mental health, whether through personalized health coaching programs, apps or telehealth. A recent study shows the correlation

between driver health and crash risk, causing further need to address the issue before it affects the company’s reputation and bottom line.⁷

When it comes to retirement benefits, 43% of transportation companies surveyed by HUB indicated they intend to request additional support from their plan providers to help them boost retirement plan participation to help improve overall employee satisfaction and financial wellness. Companies who invest in educating their employees on the importance of financial health and provide access to financial wellbeing platforms will reap rewards in recruitment and retention.

6. International Road Transport Union (IRU), [“Global driver shortages: 2023 year in review,”](#) December 21, 2023.
7. BMC Public Health, [“Understanding health needs of professional truck drivers to inform health services: a pre-implementation qualitative study in a Canadian Province,”](#) October 10, 2024.

Trekking through evolving regulations will require adaptability and tech tools.

Flexibility and adaptability will be key for transportation companies to stay resilient in 2025. Historically, the trucking industry has relied heavily on independent contractors to transport goods, with more than 350,000 drivers currently working as independent owners and operators, according to the Federal Motor Carrier Safety Administration (FMCSA).⁸

Trucking companies could face substantially higher costs if required to transition their current contractors to employees or fines if they don't, while many independent owners and operators may decide to leave the industry rather than lose their autonomy.⁹

To continue working with independent contractors, companies will need to restructure their business model or switch to contract carriers. Both actions have significant legal, insurance and risk management implications.

At the same time, transportation businesses must also prepare for additional regulations aimed at improving the industry's long-term sustainability. Environment Canada's stricter emissions standards, announced at the end of 2023, require all new vehicles to be zero emissions by 2035.¹⁰

In 2025, the FMCSA may introduce several rule changes for the trucking industry, so cross-border drivers will need to pay attention to limits on large truck speeds, new regulations for electronic logging devices (ELDs) and requirements related to emergency braking systems.¹¹

Transportation companies need an experienced broker to help them stay in compliance with ever-changing regulations

Case Study

By analyzing the telematics and claims data of a charter bus client who wanted to better understand their costs, HUB was able to identify four key routes that generated 70% of claims and only 3% of profits. HUB advised the client to remove these routes, which resulted in the company reducing their losses by 18% and lowering insurance costs by 22%.

and ensure they have the right coverage for current or emerging liabilities. Together with a best-in-class broker who has access to cutting-edge tools and deep carrier relationships, leveraging data from technology tools (such as telematics and GPS tracking) can help companies develop effective risk management strategies that will help them avoid regulatory headaches, nuclear verdicts, rising insurance rates and other threats to their long-term resiliency.

8. American Trucking Associations, "[ATA Expresses Strong Support for Kiley-Cassidy Resolution to Protect Independent Contractors](#)," March 6, 2024.
9. The Council of Insurance Agents & Brokers (CIAB), "[Commercial Property/Casualty Market Index Q2/2024](#)," August 2024.
10. Environment Canada, "[Canada's Electric Vehicle Availability Standard \(regulated targets for zero-emission vehicles\)](#)," accessed October 13, 2024.
11. International Road Transport Union (IRU), "[Global driver shortages: 2023 year in review](#)," December 21, 2023.

Navigating Your Next Steps

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 2025. Here are some initial considerations:

1

Share your data.

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 can demonstrate a strong safety performance to carriers that can result in better terms and conditions.

Personalized benefits tailored to the needs of your drivers can help increase recruitment and retention. Find ways to connect drivers to benefits beyond health insurance, like providing access to personal insurance solutions, and create rewards programs to incentivize good driving behaviour.

2

Listen to your drivers.

3

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 the long haul. And integrating new technologies with traditional claims and first notice of loss system data will reap even greater rewards, increasing roadside safety and organizational efficiency.

Consistent communication with your broker will help identify and mitigate issues in advance of renewal and position the 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.

4

Be transparent with your broker.

Canada Commercial Rate Guide

HUB International analyzes proprietary national survey data and interviews commercial insurance brokers and risk services consultants to create an annual rate outlook for Canada.

Below is our outlook on insurance rates in Canada for 2025. Discuss your business exposures with your HUB insurance broker to understand what to expect in advance of your next renewal.

Coverage	2025 Canadian Rate Guide	Insights
Commercial Automobile: One to five vehicles	Flat to +5%	Inflation and vehicle thefts continue to push rates upward. Rate increases are being filed in most provinces due to an increase in the frequency of claims and the amount of repair bills rising.
Commercial Automobile: Six or more vehicles	Flat to +5%	Inflation and theft continue to put pressure on rates. An increase in the frequency of claims and higher repair costs have driven rate increases.
Liability	-5% to Flat	Better performance in general liability has helped insurers offset losses in property insurance. Terms and pricing are more flexible as carriers seek to diversify their business.
Excess Liability	Flat	Excess liability premiums remain stable, with variability depending on exposure and attachment points. Excess layers with U.S. exposure may see rates increase.
Commercial Property	-10% to Flat	Most segments in commercial property are seeing rate reductions, but property in catastrophe-prone zones is still experiencing rate increases. Rebuilding costs have steadied, but undervalued properties remain a concern, as these properties may not be insured to cover full rebuilding and replacement costs.
Residential/Habitational Property	Flat to +5%	In light of recent natural catastrophes, premium increases and stricter terms and conditions are expected to continue.
Catastrophic Perils	Flat to +5%	Given the increased frequency and severity of weather events, rate increases are expected in catastrophe-prone areas. Climate change continues to push rates higher.
Environmental	-10% to Flat	The environmental insurance market remains favourable as insurers are eager to write new business. However, terms are tightening; insureds need to carefully review exclusions and restrictions at renewal.
Directors & Officers: Private	-10% to Flat	D&O coverage for private companies remains soft with ample capacity as carriers compete to keep business. Rates will be flat at renewal or dropping when there's competition for the business.

Canada Commercial Rate Guide

Coverage	2025 Canadian Rate Guide	Insights
Directors & Officers: Public	-10% to Flat	Public companies continue to see rate cuts or no increases at all due to increased competition. There is plenty of capacity, and underwriters are pricing with favourable terms and conditions.
Cyber Liability	-10% to Flat	Rates continue to reflect improvement in the cyber market. Carriers will lean toward flat rates at renewal unless competition for business drives rates downward.
Inland Marine	-5% to Flat	Despite trending downward overall, rates are rising in some geographies, largely due to the increased frequency and severity of weather events in catastrophe-prone locations, as well as an increase in theft.

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

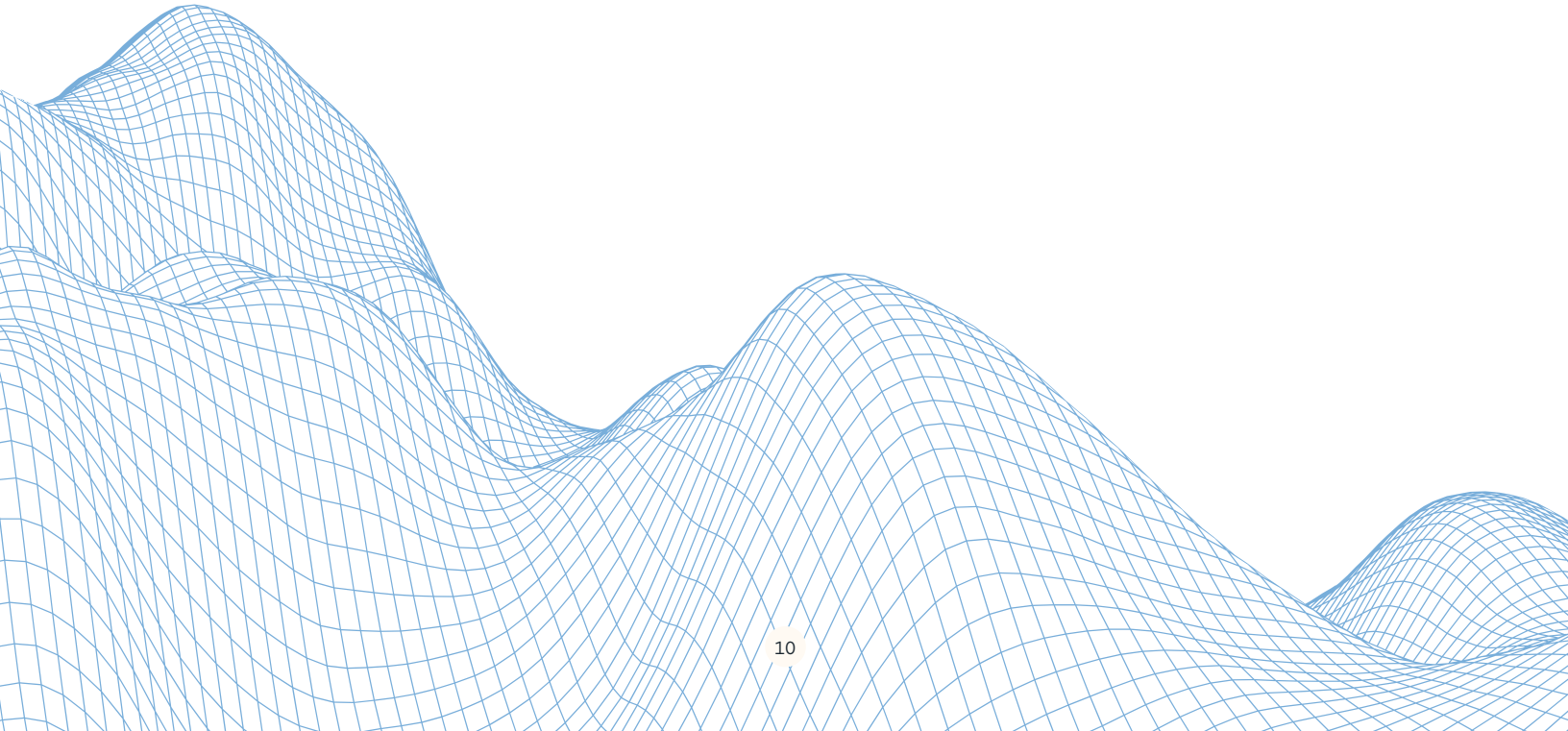
Industry Perspective

Business	2025 Rate Guide	Insights
Agribusiness	-10% to +5%	Additional property capacity is available for best of class construction and protection. Unprotected frame properties remain challenging to cover.
Cannabis	-10% to +10%	<p>Insurance rates for cannabis operations will vary depending upon the type of business and coverage. Commercial auto coverage is likely to rise 5% to 10% due to worsening loss trends. However, insureds may be able to negotiate discounts for general liability insurance and package coverages.</p> <p>Despite an improving market overall, property insurance rates in cannabis are likely to increase as much as 10% due to some significant losses. Following market trends, cannabis insureds will enjoy rate relief for D&O and cyber coverage.</p> <p>Stock throughput insurance rates will rise about 5% to 15%, with rate increases at the higher end for perishable or combustible stock.</p>
Construction	-5% to Flat	When construction operations put their business to market, there may be rate decreases. Several factors will drive reductions in rates: increased capacity, favourable claims experience and a more competitive environment.
Education	-10% to Flat	The property market is competitive, giving rate relief for educational institutions. Rates for cyber and D&O are also declining, giving institutions an opportunity to consider fortifying coverages.
Entertainment & Sports	-5% to +10%	<p>After years of rate increases, the market for property insurance in entertainment and sports has leveled out, with slight decreases or slight increases for 2025. General liability coverage will depend on loss history, with rates falling 5% or rising up to 10%.</p> <p>Excess liability coverage insurance rates will be flat or drop slightly. D&O and cyber insurance will follow general industry trends, with rates stabilizing or falling as much as 10%.</p>
Financial Institutions	-10% to +5%	<p>The industry will benefit from trends affecting insurance overall. D&O rates will drop as much as 10% due to strong competition and favourable conditions for insureds, while professional liability rates will reflect aggressive bidding for business.</p> <p>Low claims activity for Canadian private equity firms has attracted capacity for general partner liability coverage. However, firms with U.S. presence are likely to see reduced capacity.</p>
Healthcare	-5% to +10%	<p>Rates for property insurance in healthcare will rise, although the increases are expected to be small. General liability coverage will also increase slightly, with a high rate of renewals; insureds may see a 5% to 10% decrease if they go to market for a lower rate. The same is true for E&O insurance in healthcare.</p> <p>Excess liability rates are expected to remain stable.</p>

Industry Perspective

Business	2025 Rate Guide	Insights
Hospitality	-15% to +10%	<p>A wide range of outcomes in hospitality reflects different market conditions. Underwriters are competing for business for property, general liability and excess liability insurance, driving down rates as much as 15%.</p> <p>Meanwhile, auto insurance remains challenging in some regions though rate increases for larger fleets should be minimal. Like for cyber insurance as a whole, the cyber market in hospitality is also competitive, but can be challenging for hotels, as the risk is shared between the owner, manager and banner.</p>
Real Estate	-15% to Flat	<p>A competitive market will continue to drive property rate reductions for best-in-class properties with favourable loss histories. General liability rates for real estate will remain relatively flat and insureds can negotiate reductions for best-in-class properties.</p> <p>Underwriters are competing for business in excess casualty, moderating or reducing rates for insureds without U.S. exposure.</p> <p>And environmental coverage for property owners could see rates fall as much as 15%, particularly for low-risk residential properties.</p>
Transportation	Flat to +5%	<p>The transportation sector is in a very competitive market cycle. Companies that put their business out to market are likely to get better rates than those simply renewing with their current carrier.</p>

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



HUB Transportation

When you partner with us, you're at the centre of a vast network of experts who will help you reach your goals.

For more information on how to manage your insurance costs, reduce your risk and take care of your employees, talk to a HUB transportation insurance specialist.

\$1.84B

in commercial insurance premium brokered by HUB

57,000

insurance policies managed

24,000

transportation clients

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