

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 U.S. 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.

The U.S. trucking industry transported 11.46 billion tons of freight in 2022, representing
72.6%
of the domestic tonnage shipped.¹

1. American Trucking Association, “[Economics and Industry Data](#),” Accessed Aug. 22, 2024.

Improved navigation on risky roads can help ensure profitability.

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

According to the HUB International 2025 Outlook Executive Survey,³ there is room for both optimism and concern about future profits. 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. 29% 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.

In fact, the commercial auto segment recorded a 9% increase in average premiums in Q2 of 2024, the highest increase across all property/casualty lines of business.⁴ 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.

74% of respondents to the HUB survey indicate 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, which 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 on from improved efficiency, lower fuel costs and more last-mile delivery 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. The Council of Insurance Agents & Brokers (CIAB), "[Commercial Property/Casualty Market Index Q2/2024](#)," August 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 over 3 million unfilled truck driver positions worldwide in 2023, and driver shortages are expected to worsen in the coming years.⁵

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. Companies with as few as 50 employees can now explore alternatives to traditional medical plans with their broker, such as health captives, which can offer a broader range of coverage options at lower costs and with minimal disruption.

When it comes to retirement benefits, 43% of transportation companies surveyed by HUB indicated that 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 like HUB [FinPath](#) will reap rewards in recruitment and retention.



Nearly 1 million truck drivers are classified as independent contractors according to the Bureau of Labor Statistics (BLS).⁶ Online benefits programs designed for those “workers” can help companies attract and retain them. Contractors can sign up for benefits via an online portal and pay for their coverage directly or have it deducted from their earnings, which helps employers avoid employee misclassification violations and improve retention.

5. International Road Transport Union (IRU), “[Global driver shortages: 2023 year in review](#),” December 21, 2023.
6. Bureau of Transportation Statistics, “[Counting the Transportation Workforce: Nearly 1 Million Self-Employed](#),” July 1, 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, as they navigate major changes to state and federal independent contractor regulations.

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).⁷ These numbers vastly differ from the BLS numbers due to tracking and classification methods. Regardless, a 2024 policy change from the U.S. Department of Labor reclassifies many of these independent contractors as employees.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. The Environmental Protection Agency (EPA) announced stricter emissions standards in 2024 for new heavy-duty transport vehicles built between 2027 and 2032, which is likely to involve some integration of hybrid, battery-electric or hydrogen-electric trucks.¹⁰

In 2025, the FMCSA may introduce several rule changes for the trucking industry, including limits on large truck speeds, new regulations for electronic logging devices (ELDs) and requirements related to emergency braking systems.¹¹

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 4 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%.

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

7. American Trucking Associations, "[ATA Expresses Strong Support for Kiley-Cassidy Resolution to Protect Independent Contractors](#)," March 6, 2024.
8. Barron's, "[Labor Department Rule on Independent Contractors Comes Under Legal Fire](#)," March 7, 2024.
9. FreightWaves, "[Labor, climate costs loom large for trucking in 2024](#)," Dec. 28, 2023.
10. Commercial Carrier Journal, "[EPA announces new strict emissions rule for heavy trucks](#)," March 29, 2024.
11. FreightWaves, "[FMCSA delays speed limiter rule to May 2025](#)," July 8, 2024.

Nearshoring boom fuels transport demand in North America.

As the U.S. looks to reduce trade costs and its reliance on imports from Asia, manufacturers opting to “nearshore” operations closer to home are creating huge growth opportunities for the transportation industry.

Nearshoring, the relocation of manufacturing or production from distant regions closer to a manufacturer’s home country, can help companies reduce operational costs, improve supply chain efficiency and lower risks that come from outsourcing production offshore.¹²

With its proximity to the U.S. and participation in North American trade agreements, Mexico has been the biggest beneficiary. The value of Mexican goods imported into the U.S. rose to more than \$475 billion in 2023, officially surpassing the value of China’s imports for the first time since 2002. Meanwhile, the value of Chinese imports dropped 20% to \$427 billion between 2022 and 2023.¹³

And new investments in Mexico related to nearshoring are expected to reach \$46 billion by 2028.¹⁴ Nearshoring to Mexico has increased demand for trucking companies to transport goods across the border to the U.S. Cross-border trucking activity between the U.S and Mexico has risen more than 20% annually since 2020.¹⁵

Despite the potential for trucking companies, nearshoring isn’t without its risks. Different regulatory, customs and immigration, international licensing requirements and cargo and driver security challenges create new, often unexpected exposures. A trucking company or driver’s commercial auto insurance policy may also not cover transport activities outside of the U.S.

Case Study

Using telematics data that analyzes driver behavior and tracks moving violations, HUB was able to demonstrate that international drivers from Mexico with a B1 driver’s license are safe drivers, resulting in reduced insurance costs.

To compete in this new marketplace, transportation companies need to understand the exposures and legal structure of cross-border operations and work with a specialist who can help them secure the right insurance coverage, avoid coverage gaps and handle claims in different countries.

12. Association for Advancing Automation, “[Reshoring and Nearshoring Trends and How Advances in the Automation Industry Make North America Competitive](#),” July 3, 2024.
13. AP News, “[Mexico overtakes China as the leading source of goods imported by US](#),” February 7, 2024.
14. Morgan Stanley, “[Mexico Poised to Ride Nearshoring Wave](#),” June 21, 2023.
15. Inc.com, “[4 Ways Nearshoring Can Benefit Your Business](#),” June 29, 2024.

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 through programs like [HUB Drive Online](#) 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 recruiting 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 behavior.

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.

Transportation Rate Guide — U.S.

HUB International's rate guidance comprises an analysis of proprietary national survey data and interviews with HUB commercial insurance brokers and risk services consultants who specialize in the transportation industry.

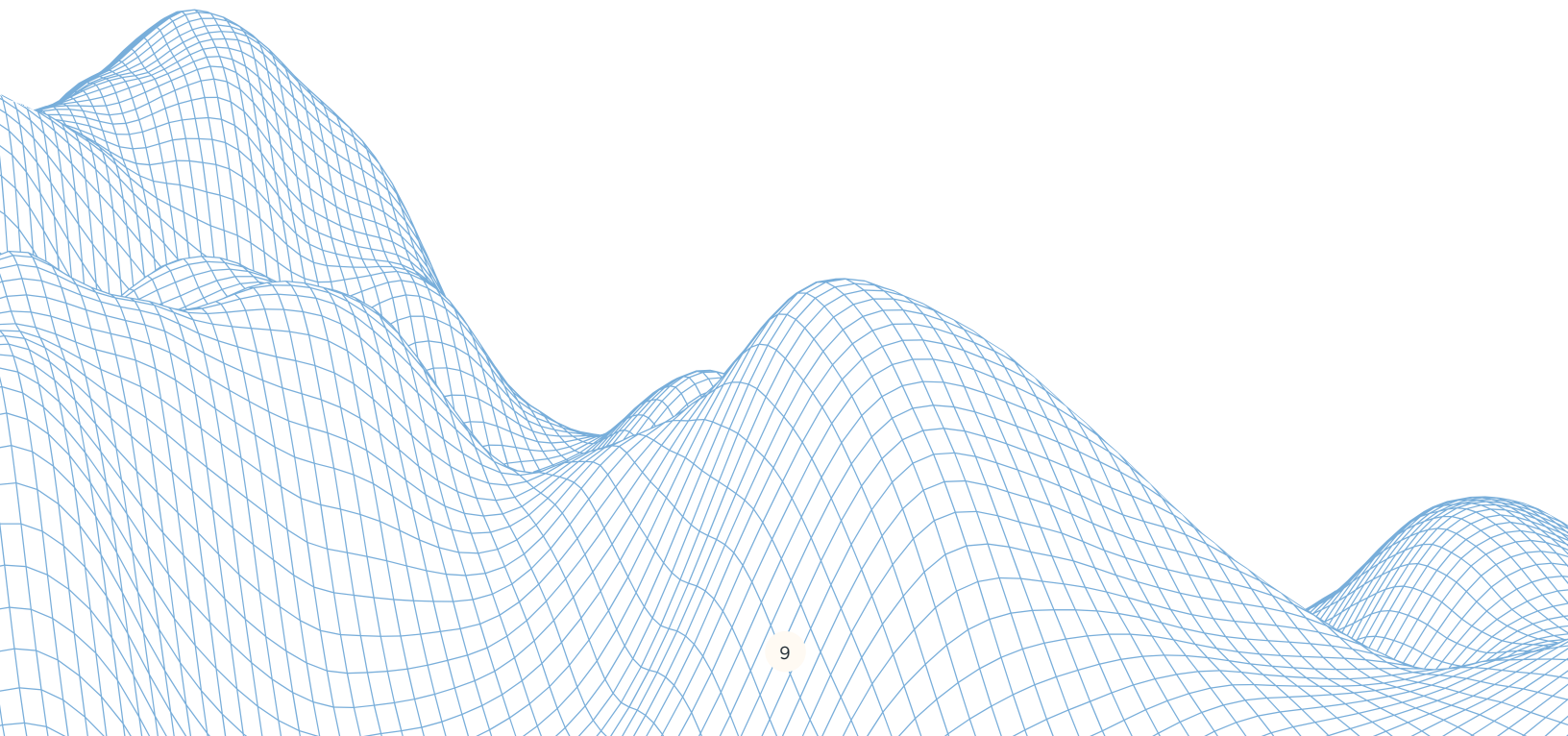
On average, rates for middle- to upper-middle-market companies are experiencing rate increases for nearly all coverages as carriers need additional premium to support increased losses and expenses. Below are projections of rate increases that we anticipate in 2025. Discuss your business exposures with your insurance broker and understand what to expect well in advance of your next renewal.

Coverage	2025 Transportation Rate Guide	Insights
Commercial Automobile: One to five vehicles	+8% to 15%	Markets continue to actively write in this sector, but obtaining coverage remains pricey. For new ventures, pricing starts at \$15,000 or more per truck. For physical damage coverage, carriers will likely require a higher deductible, a rate increase — or both.
Commercial Automobile: Six or more vehicles	Flat to +15%	Distracted driving and social inflation remain the top reasons for claims activity. Expect more flexibility with loss-sensitive or deductible programs; some carriers may offer more attractive terms in a multiline primary casualty program that includes workers' compensation. For larger fleets, umbrella carriers will typically require a primary limit of at least \$2 million.
Physical Damage	+10% to 15%	Rate increases persist to counterbalance rising costs associated with labor, new replacement vehicles and high-tech replacement parts.
Motor Truck Cargo	+5% to 15%	The uptick in cargo theft claims continues to negatively affect rates.
Warehouse Legal Liability	Flat to +5%	Rates remain stable as claims frequency declines, largely driven by the increased use of anti-theft precautions, such as advanced camera technology and enhanced fraud prevention strategies.
General Liability	Flat to +10%	Property-casualty insurance is expected to be profitable, so the overall trend in GL is stable. Carrier positions vary; results may be different due to claims activity or program design, but most clients will see modest rate increases.
Workers' Compensation	-3% to +3%	Workers' compensation remains highly profitable, but workplace violence and classification of workers as either employees or independent contractors are possible factors for rate changes.
Umbrella & Excess Liability	Flat to +10%	Excess coverage limits continue to shrink, with carriers increasing the minimum premium per million. Expect more carriers to build a tower and need time to market and secure coverage, given their reluctance to provide high-excess limits.

Transportation Rate Guide – U.S.

Coverage	2025 Transportation Rate Guide	Insights
Cyber	-10% to Flat	Cyber rates continue to fall. Though significant breaches/outages with service providers (i.e., Change Healthcare, CrowdStrike) haven't led to rate hikes yet, harder market conditions may occur during the first half of 2025.

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 daily risks. Carriers evaluate the level of risk an insured faces in calculating insurance premiums.



HUB Transportation

When you partner with us, you're at the center 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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