



# TOWING & TRANSPORT

## MARKET TRENDS

While challenging market conditions remain, there are some positive indicators for businesses. In the second half of 2021, the scale of rate increases decelerated. While insurance prices are still above their historical averages, we expect to see a continual softening of the insurance market for many lines.

LINE OF COVERAGE	PRICE PREDICTION FORECAST
COMMERCIAL PROPERTY	<b>Overall:</b> Flat to +10%
GENERAL LIABILITY	<b>Overall:</b> Flat to +10%
COMMERCIAL AUTO	<b>Overall:</b> +5 to +15%
WORKERS' COMPENSATION	<b>Overall:</b> -5 to +5%
CYBER LIABILITY	<b>Overall:</b> +15 to +50%
DIRECTORS AND OFFICERS LIABILITY	<b>Private/nonprofit entities:</b> +5 to +15% <b>Public companies:</b> +5 to +25%
EMPLOYMENT PRACTICES LIABILITY	<b>Overall:</b> +5 to +15%

In 2022, we predict that most policyholders will encounter another year of modest rate increases. Renewal results will likely depend on an organization's exposures, class, and loss history.

### IMPACTS ON TRENDS

The following are additional factors that are currently influencing insurance rates in the towing and transportation industry:

#### DISTRACTED DRIVING ISSUES

Every year, up to 391,000 people are injured, and 3,450 people are killed in crashes involving distracted drivers. Distracted driving incidents account for nearly 10% of all fatal crashes on the road. In addition to loss of life, these crashes cost an estimated \$46 billion each year. As these incidents have become more prevalent, commercial auto insurance costs have climbed in tandem.

#### CRASH SEVERITY CONCERNS

One of the main culprits of surging accident costs (and subsequent commercial auto claims) over the years is worsening crash severity. Even though fewer drivers were on the road in 2020 due to the COVID-19 pandemic, the NHTSA reported that an estimated 38,680 individuals were killed in motor vehicle crashes throughout the year—representing a 7.2% increase from the previous year and the highest annual death toll since 2007.

#### REPAIR COST OBSTACLES

While a variety of modern vehicle features—including blind-spot cameras, backup alarms, GPS devices and telematics software—have largely benefited businesses and their drivers on the road, repairing this advanced technology comes with a hefty price tag. In fact, according to a recent report from AAA, vehicles equipped with driver assistance systems often cost twice as much to repair as those that aren't. In addition, widespread supply

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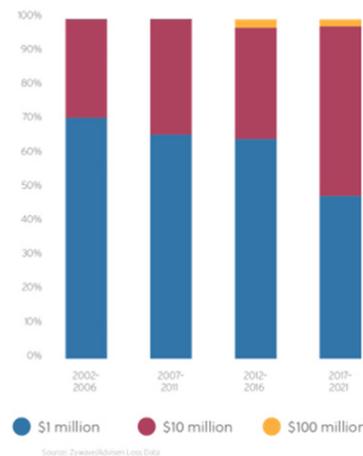
# MARKET TRENDS

chain issues caused by the ongoing COVID-19 pandemic have also contributed to surging vehicle repair expenses.

## NUCLEAR VERDICTS

Settlement verdicts for bodily injury claims have been rising steadily. Specifically, nuclear verdicts—which refer to jury awards in which the penalties exceed \$10 million—have become increasingly prevalent. According to recent Advisen loss data, the percentage of trucking awards exceeding \$10 million jumped 15% over the past four years. These large losses accounted for 35% of all trucking losses over \$1 million from 2017 to 2021.

Trucking Losses, Jury Awards by Disposition Date



## LABOR SHORTAGES

According to the American Trucking Associations (ATA), there is currently a driver shortage of more than 80,000 positions—largely fueled by the aging workforce, a declining interest in the profession and certain industry barriers. Making matters worse, the ATA estimates 160,000 commercial driver positions could be unfilled by 2030.

Amid this shortage, many trucking employers have had to extend their existing employees' driving schedules and lower their driver applicant standards to fill open positions. Nevertheless, such factors can make employees

more likely to be involved in serious accidents on the road. These accidents can create various liability issues, including driver injuries and fatalities, damaged or lost inventory, and delivery delays.

## HOW KAPNICK CAN HELP

Despite challenges to the industry, Kapnick can help. We have a variety of resources, partnerships, and strategies to ensure you have the right program in place for your needs and long-term goals.

Some of these tools include:

- Provide education on key market changes affecting your rates and how to respond using loss control measures.
- Begin the renewal process early. Many insurers are seeing an increased submission volume. Timely, complete, and quality submissions are vital to ensure your application will be reviewed by underwriters.
- Determine whether you will need to adjust your retentions or limits to manage costs.
- Provide risk assessments to recommend safety training and injury-prevention methods.
- Recommend telemedicine options, and workplace wellness initiatives aimed at preventing or treating chronic health conditions and improving the overall well-being of your staff. These initiatives can help reduce the risk of your workforce developing co-morbidities.