TRANSPORTATION MARKET UPDATE

SUMMER 2025

Brown & Riding

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AUTO LIABILITY OVERVIEW

State of the Union

The commercial auto market continues to be a loss line for carriers, posting a combined ratio of 107.2% in 2024. While this is a 2-point improvement from 2023, the loss experience in commercial auto is expected to drag performance through at least 2026 as increased rates work their way through the long tail of bodily injury claims.

While rate increases are expected to continue, and this should be expected on all accounts, rate-taking moderated through the first quarter of 2025. This is expected to continue through the year as insurance carriers seek profitability in the coverage line. Average rate increases in the first quarter and second quarter were 8–10% versus 12–15% in the previous quarters with anticipated rate increases through the second half of 2025. Claims severity has been persistent in commercial auto. The prevalence of third-party litigation financing and related social inflation will weigh on rates until meaningful legislation is passed, which unfortunately did not make the final text in the One Big Beautiful Bill.

Admitted commercial auto options have seen supported casualty programs lessen rate-taking while monoline admitted options remain scarce. The non-admitted market is experiencing tremendous growth in commercial auto. Traditional non-admitted markets have seen significant premium growth, and new programs have brought additional capacity. Commercial auto MGA markets have been particularly active with additional capacity anticipated to come online in the second half of 2025. Any additional capacity in the marketplace may help to level rate-taking by creating competition for better risk selection, but the strength of program paper remains to be seen as reinsurance capacity becomes harder to obtain.

Geography and class of business are showing consistent trends in commercial auto. Venues like California, Florida, Louisiana, New York, and Texas will continue to see significant rate-taking as population shifts and legal environments make for challenging markets for commercial auto carriers. The market is seeing some of these characteristics bleed into adjoining states with Georgia and South Carolina seeing rate increases that outpace prior years. Other states like North Carolina are becoming increasingly difficult as E&S defends its right to do business in the state as non-admitted players. In states like California, Illinois, and Nevada, certain counties have become problematic with carriers pulling capacity in those venues.

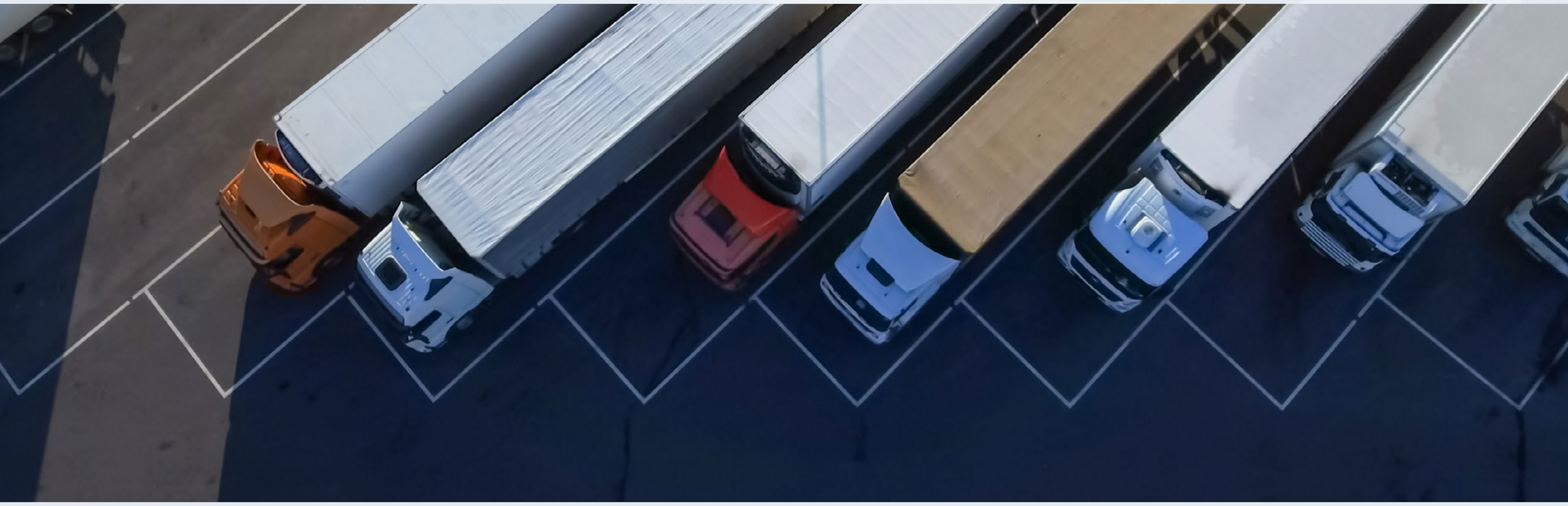
AUTO LIABILITY OVERVIEW (continued)

With the legal landscape, the growth in home services roll-ups backed by outside investment has created a new class of business independent of the actual work performed. Many non-admitted carriers have expressed concerns over the rapid growth of these entities where risk management may not be locally controlled. High-hazard industries have continued to see limited capacity in the marketplace.

Leveraging Technology

Telematic-based programs have come online in the last couple of years, but the long-term efficacy remains to be seen. As business owners adapt to the changing requirements of the insurance industry and seek to control losses in their own operations, many have adopted telematics as a risk control. It used to be that underwriters would simply ask, "Do they have telematics?" That question is now, "How are they using telematics?" Just checking the box isn't enough to receive the best market pricing. Underwriters are increasingly aware that just because it is present doesn't mean it is being used.

Brown & Riding recently completed the placement of a large commercial auto program with a usage-based carrier partner that uses telematics to adjust the per mile rate month to month based on driver behavior. We negotiated an aggressive starting rate by demonstrating to the carrier how the insured was using their existing telematics to coach their drivers and including the telematic data in their employee scorecards that determined potential pay increases. We saved the insured 15% on their expiring policy, and the insured can save an additional 15% through demonstrated safe driving.



Trends in Coverage

Carriers are increasingly unwilling to offer full Uninsured/Underinsured Motorist (UM/UIM) limits to insureds. Loss experience in the coverage line has been deteriorating year over year as injured employees seek relief from the UM line in addition to their workers' compensation benefits. We expect this trend to continue as litigation trends accelerate and awards grow.

Carriers are also increasingly unwilling to offer Hired and Non-Owned Auto coverage as part of their primary auto liability policy. While there are monoline Hired and Non-Owned markets, in both the U.S. and London markets, the typical preference is to include it in the primary auto policy. After covering claims that weren't always contemplated in an underwrite, obtaining Hired and Non-Owned coverage as part of a primary auto liability policy has become increasingly challenging. Insureds should be prepared to provide documentation of their annual cost of hire, subcontractor exposure, and employee usage of personal vehicles.

In an attempt to increase risk-sharing for large accounts and lower premiums, commercial auto markets are beginning to consider more bespoke risk-sharing options. Quota share, corridor deductibles, and high retentions are being considered for large accounts where risk-sharing makes sense for the insured. Brown & Riding has significant experience in bespoke risk-sharing options with our carrier partners.

Expertise Contributed By

Courtney Murphree
Principal, Senior Vice President
Transportation Practice Co-Leader
direct: 312.279.3648 | cmurphree@brcins.com

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AUTO PHYSICAL DAMAGE AND MOTOR TRUCK CARGO

The Auto Physical Damage (APD) market has become more stringent due to both the rising frequency and severity of claims. In response, many carriers have raised minimum deductibles and adopted stricter underwriting practices, with a strong focus on driver experience and Central Analysis Bureau (CAB) reports. The monoline APD space remains limited with few new entrants, although opportunities exist when APD is packaged with other lines of business. Insurers are increasingly providing loss control services to help mitigate claims. Towing and storage costs, particularly their growing severity, have also become a major point of focus for many markets.

Meanwhile, the Motor Truck Cargo (MTC) insurance market presents challenges for accounts with poor loss experience, though it remains competitive for high-performing accounts. Several new inland marine carriers have entered the space, specifically targeting best-in-class risks. However, an increase in claim frequency, especially related to theft, has raised concern among underwriters. The market also remains tight for new ventures, with carriers often offering more restrictive policy terms for these risks.

Expertise Contributed By

Will Cea
Principal, Senior Vice President, Broker
direct: 213.593.3416
wcea@brcins.com

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DEALERS OPEN LOT

Despite ample weather events and increasing inventory levels in the United States, competition remains strong in the Dealers Open Lot space. Manufacturer programs, lending institution programs, and several Managing General Underwriter programs make up the majority of the capacity available.

Brown & Riding's abilities include Open Brokerage and Garage Keepers using E&S domestic carriers and Lloyd's syndicates, as well as access to some of the MGU capacity. We are also a coverholder with underwriting done in-house. Our capabilities pair nicely with retailers' package markets that will not include open lot programs, insureds with storied loss history, and insureds looking to refinance or who are seeking alternative financing and/or creative solutions that other programs may not be able to provide. Brown & Riding offers flexibility with loss limits, deductibles, and parts and labor percentages, and writes insurance with values ranging from $50,000 to over $1B or inventory.

In-House Capacity Update – We have in-house nationwide binding authority for up to $40M in values in certain states with indoor credit, flexible deductible options, exclusive coverage enhancements, and loss limits available.

What is needed to quote in-house:

- Dealers Open Lot application stating max and average per location values
- 3–5 year currently valued loss runs

Niche – We are competitive on accounts in high hazard wind/hail states, including but not limited to:

- Franchised and Independent Auto Dealers
- Recreational Vehicle Dealers
- Semi-Truck/Trailer Dealers
- Watercraft Dealers
- Golf Cart/Powersports Dealers
- Farm/Construction Equipment Dealers

DEALERS OPEN LOT (continued)

Recent Success Stories

DESCRIPTION	STATE	EXPOSURE	PREMIUM
Multi-Location Independent Auto Dealer with $43,000 in Claims	Kansas	$5.5M max / $4.4M average	$113,000
Franchised Auto Dealer with $90,000 in Claims	Colorado	$7.5M max / $6M average	$157,500
Independent Auto Dealer with Claims	Texas	$375K max / $300K average	$9,500
Powersport / Auto Dealer	Nebraska	$1.705M max / $1.445M average	$20,000
Exotic / Sports Cars	Florida	$40M max / $40M average	$619,120
RV Rental (while on the lots, excluding Hail)	Arizona	$127M max / $127M average	$255,332

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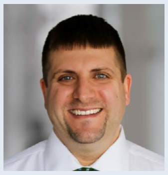
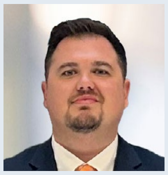


Andrew Giordano
Principal, Senior Vice President, Broker
direct: 312.279.3737
agiordano@brcins.com



Ross Nichols
Vice President, Production Underwriter
direct: 312.279.3708
rnichols@brcins.com

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EXCESS TRANSPORTATION

The state of the excess transportation market continues to be in flux. It is a tough time to be an incumbent, especially within the lower layers and in the middle market (less than 500 units). Over the past five years, capacity in the space has come and gone. That trend looks to continue into 2026. Captives still play a significant role in the primary. Some are starting to offer $2M Combined Single Limit (CSL) as opposed to $1M CSL, as well as excess.

The transportation excess markets, historically looking almost exclusively at trucking, continue to see an influx of non-truck accounts with heavy auto exposure. Think of heavy contractors, non-emergency medical transport (NEMT), waste haulers, manufacturing, and distribution. These accounts tend to see double-digit rate increases coming from the “traditional” excess market into the “wheels” excess market. The buffer layers we saw a few years ago are coming back. We anticipate seeing the “traditional” excess markets continue to make changes in capacity and/or attachment point, creating opportunities in our marketplace.

Another source of growth in the market is the “emerging” market. Think of app-based and gig economy. We are seeing niches develop from dislocation in certain segments. The NEMT/livery space is a great example of this. There continues to be an influx of accounts with very specific niches such as school transport.

The increase in the available pool of business has allowed data-driven carriers to really look at their book and dive into the data. This is most evident in capacity deployment and pricing, drilling down to venue. Certain states have historically been issues for the excess auto market. However, as data is more and more available, carriers can narrow down to city or county when looking at the claims. This, in turn, has caused rates to fluctuate more than ever in California, Georgia, New York, Texas, and other states.

All in all, the state of the excess transportation market is stable. An increase in submissions continues to be a trend given the dislocation of the traditional excess market. Capacity deployment is still very intentional, not only class-specific but venue-specific as well. Capacity is readily available and stable, but we do not foresee the market softening across the board until 2026.

Expertise Contributed By

Timothy M. Pedersen, Jr.
Principal, Senior Vice President
Transportation Practice Co-Leader
direct: 312.279.3655 | tp2@brcins.com

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SPECIALTY AUTO

Medical Transport

The U.S. medical transport industry, including the single/minimal passenger movement of emergency (EMT) as well as non-emergency (NEMT) like elderly, disabled/wheelchair, work-related injury, and those experiencing chronic disease, to and from medical appointments, is a vital industry for healthcare outcomes.

The medical transportation industry is projected to continue its explosive growth over the next decade from the 2021 revenue figures of $15B to projections of well over $30B by 2030. Population trends pushing the usage of these transport services include the increase in the elderly population and growth outside of traditional urban centers. Accompanying these are advancements to medical technology and telehealth systems, which allow professionals to diagnose early chronic diseases and vital body system disorders in patients that would have gone unnoticed due to the inability or unwillingness of that individual to see a medical specialist in person. This has spurred many of those to seek out specialty (in some cases, lifesaving) medical care that they otherwise may not have had in their local communities.

Our medical transport industry faces many internal challenges, forcing margins down despite a growing customer base. Increasing employee compensation with key medical designations, vehicle-equipment cost fluctuations, and increased insurance costs based on limit requirements claim history all help make the business very competitive.

MEDICAL TRANSPORT SUCCESS STORIES

- EMT and NEMT operational mix typically with 25% or more “lights and sirens” (i.e., vehicles with emergency capabilities): Per unit pricing starts at $12.5K for $1M Combined Single Limit (CSL) on Auto Liability (AL) and 3% of Total Insured Value (TIV) on APD.
- Operations with lights and sirens that utilize wheelchairs and stretchers, equipped passenger vans: Per unit pricing starts at $15K–17.5K per vehicle for $1M CSL on AL. Auto policies that exclude loading/unloading of passengers can be closer to $13K.
- Livery for able-bodied patrons requiring minimal assistance (i.e., excluding loading/unloading of passengers): Per unit pricing starts around $10K per unit for $1M CSL on AL, 5% of TIV for APD.

Bus and Shuttle Transport

The U.S. bus and shuttle market is typically categorized by vehicles that operate with a capacity of 15 passengers or more. This includes transit buses serving urban public transportation, school buses transporting students, shuttles to key population centers like stadiums or airports, and finally intercity/state buses. In totality, this market was valued around $8.3B in 2023. Though, when compared to its industry brethren in medical transport and livery/rideshare, its projected 5% growth through 2030 is a troubling sign for the industry segment. Many cultural trends and regulatory requirements started during COVID-19 have left the usage of large transit vehicles at fractions of what they were before the pandemic, leading entrepreneurs and other investors to search for transportation industries with more positive growth outlook. Other factors like the affordability of personal cars and teleworking have done little to help ease concerns.

BUS TRANSPORT SUCCESS STORIES

- Dispatch services/aggregators – Operations that exclusively subcontract out the passenger movement piece on behalf of their customers/employees: Pricing varies widely depending on contracts, vehicle capacity, and underlying contractual insurance requirements.
- Airport shuttles – Operations that transport passengers or employees from local parking lots to an airport property or from regional to larger international airports: Pricing starts around $17.5K per vehicle for $1M CSL on AL and 4% of TIV for APD.
- Local or regional passenger services – Traditional sightseeing or private vehicle charters: Pricing starts at $15K per vehicle for $1M CSL on AL and 3% of TIV for APD.

SPECIALTY AUTO (continued)

Waste Hauling

The waste transportation industry involves the collection, transfer, and disposal of waste from municipal, industrial, or private locations to treatment facilities, landfills, transfer stations, or recycling centers. It is one of the U.S.'s largest transportation industries that continues to be driven by urbanization of the U.S. mainland, regulatory pressures, and environmental impact compliance. The global waste management market, including transportation, has been valued at $1.8T in 2024, with steady growth projected, due to increasing waste volumes estimated to 3 billion tons annually collected.

Waste service providers include municipal departments, private haulers, and specialized firms for hazardous or medical waste. These services utilize specialized vehicles (e.g., rear-loaders, roll-off trucks) based on the geography and population density of their region of operation. Third-party logistics providers are also making large headway as route optimization and government waste compliance have forced many less sophisticated waste-bearing entities into seeking assistance with this basic service. The services tasked with this collection have seen many challenges to profitability. Those affecting their fleets include fuel, labor, and vehicle maintenance costs that strain margins. Compliance with emissions standards (e.g., EPA's Clean Truck Program) requires costly fleet upgrades. Efficacy complications like traffic congestion, aging transfer stations, and landfills reaching capacity create bottlenecks in their routines. Most imminently are the Class A driver shortages, exacerbated by high turnover and demanding conditions that disrupt service reliability.

WASTE TRANSPORT SUCCESS STORIES

- Residential trash pickup subcontractors – Entities that operate under 50 trucks in metro/rural areas for larger waste collection services: Pricing starts around $30K per truck for $1M CSL on AL and 3% of TIV for APD.
- Line Hauling and Roll-Off Collection – Most commonly, operations that include the renting of construction site roll-off dumpsters: They also offer services like collecting other dumpster waste and transporting those materials to transfer stations and/or landfills. Pricing starts around $25K per truck for $1M CSL on AL and 3% of TIV for APD.

Expertise Contributed By

[Beau Cantrell](#)
Principal, Senior Vice President, Broker
direct: 678.818.4931
bcantrell@brcins.com

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AGRIBUSINESS

The agribusiness sector is demonstrating improving stability, though isolated areas maintain hardened market conditions. The scaling back of business in the sector has shown signs of slowing as insurers have largely made the necessary adjustments to their portfolios. Over the past several years, insurers have exited this segment, due to profitability pressures driven by escalating loss costs, the effects of social inflation, legal abuse, and climate change. In some jurisdictions, carriers have also faced regulatory hurdles in achieving adequate rate levels, further constraining the ability for markets to stay viable.

In 2025, we have seen some of the laggard markets in the agribusiness sector start to make portfolio adjustments, most notably non-renewing business, due to losses or reducing their supported excess limit deployment. Excess capacity deployments are more regularly offered between $2M and $5M, a reduction from the $10M that was more commonly available in prior years. Insurers are taking a cautious, data-driven approach to underwriting, due to the ongoing loss trends.

Property Market

The property market has shown softening for risks that are supported by the surplus lines market. There is ample capacity, including new programs that are specific for agribusiness. Rate decreases on shared and layered placements are available. In some cases, a rate decrease that exceeds 20% has been available when a placement can be restructured and opportunity presents to expand layers. The Stock Throughput (STP) market is very soft on both the London and domestic side. Rate decreases may be available by pulling the stock

AGRIBUSINESS (continued)

in an STP placement, and markets are offering more comprehensive coverage. While the property rate conditions during the hardened cycle have tempered, agribusiness clients should be aware of adverse loss trends in casualty and auto lines that may impact renewals.

Auto Market

Auto continues to be a challenging product line. Some programs are finding their results to be below target profitability levels. Programs continue to adjust and restrict their underwriting guidelines, with some deciding to significantly reduce their presence in certain jurisdictions, due to the legal environment. As a result, rate pressure on auto continues to be a focus for programs remaining in the space. Expect renewal rates to increase between 5–15%, possibly higher when facing a non-renewal or a deteriorating loss picture. Markets continue to vacate their participation in more challenging venues, further adding to the pressure on the supply of products and growing cost expectations.

Primary Casualty Market

The primary casualty market remains largely stable, with renewal rate adjustments generally ranging from flat to increases of 5–8%. However, accounts with adverse loss histories or those transitioning from the standard market to the surplus lines market may experience rate increases of 25% or more. In some cases, premiums may escalate to multiples of the expiring cost. Businesses involved in the manufacture or distribution of consumer products (especially those intended for human or animal consumption) should carefully examine policy terms and conditions to ensure adequate coverage for all relevant exposures. With many markets actively participating in this segment, some carriers may offer policies that include restrictive language. As such, attention to coverage detail is paramount to ensure comprehensive protection.

Excess Casualty Market

The excess casualty market continues to experience limit compression and heightened focus on limit management. Concerns over legal system abuse and the prevalence of nuclear verdicts are driving a disciplined underwriting approach. Carriers are placing greater emphasis on risk selection and attachment points, with many preferring thresholds over $5M (in some cases, over $10M). Higher excess layers are seeing more conservative capacity deployment, with growing interest in quota-share arrangements in these upper tiers.

Early engagement in the marketing process is key to effectively supporting clients. Underwriting timelines have lengthened, due to the continued inflow of business into the E&S market. Additional steps involved may include collaboration between underwriters and management on more challenging, complex risks. Along with proactive planning, retail brokers are encouraged to submit a comprehensive risk narrative accompanied by detailed risk control information. Submissions that clearly articulate risk management practices and include supporting documentation are best positioned to attract underwriter attention and secure competitive terms.

RECENT SUCCESS STORIES

- **Restructuring $25M Excess program for large Farm Labor Contractor with 200+ power units**

  Issues: Incumbent lead $5M Excess non-renewed, due to termination of the carrier with the Captive program.

  Strategy: Conducted a thorough marketing effort to replace the lead $5M with several options structured. We were also successful in replacing capacity higher up in the tower to reduce the client's cost on those layers.

- **Replacing 3x2 Excess layer for farming operation with 45 power units**

  Issues: Incumbent program reduced excess capacity from $10M to $2M.

  Strategy: Conducted a prequalification discussion with the client to understand the client's needs in replacing the reduced capacity, and managing cost expectations from the surplus lines market. Determined that $5M was needed to satisfy contracts. Within several days, we secured the needed capacity, and coverage was bound before the weekend to ensure no lapse in limits carried.

Expertise Contributed By

David Chipp
Principal, Senior Vice President, Broker
direct: 213.593.3465
dchipp@brcins.com

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TRANSPORTATION POLLUTION LIABILITY

Key Considerations for Retail Insurance Agents

Transportation Pollution Liability (TPL) insurance is a critical coverage for businesses that are involved in transporting hazardous materials. That said, agents and insureds may not know what materials are considered hazardous until a pollution event occurs. TPL provides specialized protection for environmental incidents (e.g., spills or leaks during transit, damage to natural resources, costly cleanups) while also potentially paying regulatory fines, defense costs, and third-party damages or losses alleged during loading/unloading.

Retail insurance agents must understand TPL's uses and limitations, particularly when compared to the standard auto pollution coverage solutions in their CA 9948 or MCS-90 endorsements, to effectively guide their clients. Note that not all transportation pollution coverage is the same.

Coverage Differences: CA 9948 vs. TPL

The CA 9948 endorsement, or Broadened Transportation Liability Endorsement, modifies the pollution exclusion in standard commercial policies to cover certain pollution events, such as leaks or spills during transit caused by upsets or overturns.

Limitations of CA 9948:

- **Scope:** CA 9948 applies only to first-party exposure and excludes pollution events during loading/unloading, vehicles at rest, gradual leaks, or vandalism. Over 90% of spills occur during loading/unloading, leaving a critical gap.
- **Liability:** It does not cover liability assumed under contracts or third-party damages, such as when a shipper's negligence causes a spill.
- **Natural Resource Damages:** CA 9948 may not cover damages to plants, wildlife, or habitats, which can lead to substantial fines.

In contrast, TPL policies provide:

- **Broader Coverage:** TPL includes first- and third-party liability, covering loading/unloading, transloading, and waste disposal at non-owned sites.
- **Comprehensive Protection:** TPL can cover natural resource damages, defense costs, and emergency response expenses, offering clarity where CA 9948's vague language may fall short.
- **Flexibility:** TPL can be tailored for specific risks, such as hazardous material haulers or manufacturers with transportation exposures, often at competitive premiums in comparison to a CA 9948 endorsement.

Comparison to MCS-90 Endorsement

The MCS-90 endorsement, required for interstate motor carriers, ensures financial responsibility for environmental restoration but is not true insurance. It requires the insured to reimburse the carrier for payments made for pollution claims excluded by the underlying policy, potentially leaving businesses vulnerable. CA 9948 mitigates some of this exposure by providing actual coverage without reimbursement obligations, but its limitations necessitate TPL coverage for comprehensive protection.

Transportation Pollution Liability Market Insights

The environmental insurance market remains stable overall with increased carrier competition driving down TPL premiums, making it more accessible for small to mid-sized fleets. Social inflation, however, is increasing litigation and jury awards, emphasizing the need for robust coverage. Retail agents should partner with specialized underwriters to identify gaps in clients' policies, particularly for those transporting hazardous materials or operating across state lines. By offering TPL alongside/instead of a CA 9948 endorsement, agents can help clients avoid catastrophic out-of-pocket expenses and ensure compliance with evolving regulations and rising concern over the proper coverage for pollution incidents in the transportation industry.

Expertise Contributed By

Harrison Scheider
Principal, Senior Vice President, Broker
direct: 608.282.5342
hscheider@brcins.com

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LEARN MORE

The Transportation team is a highly specialized, knowledgeable, and dedicated group of professionals, offering superior service and a holistic approach. We can find placements for a variety of projects including contractor fleets, food delivery, taxis, public auto, car dealers, sales fleets, and much more! For more information, visit our Transportation Practice page.