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What's Driving Commercial Auto Rates

Why costs remain under pressure - and where your business still has influence.

Commercial auto rates are still rising even as other parts of the insurance market stabilize. The pressure is being driven by long-term underwriting losses, more expensive liability claims, risky driving behavior and higher vehicle repair costs. **Businesses can't control the market - but you can control how you manage your fleet risk.**

Why Rates Remain Under Pressure

14
YEARS
of consecutive underwriting losses

$4.9
BILLION
commercial auto underwriting loss in 2024

9.2%
INCREASE
in bodily injury severity from 2023 - 2024

What's Driving the Pressure

01 **Years of losses continue to affect pricing**

Years of sustained losses mean carriers are still working to bring pricing in line with the cost of claims, even as other areas of the insurance market begin to stabilize.

02 **More expensive liability claims**

Social inflation, larger jury awards, increased attorney involvement and rising bodily injury costs are increasing claim severity. A serious accident can cost considerably more than it once did.

03 **Driver behavior and qualification**

Distracted driving, speeding and inexperienced drivers continue to contribute to preventable losses. Driver selection, MVR review and clear driving expectations matter.

04 **Higher repair costs and downtime**

Sensors, cameras and other technology make modern vehicles more expensive to repair. Even a minor fender bender can average about $4,000, with repairs taking weeks.

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Focus on What You Can Control

Risk management is not a guarantee of lower premiums, but it is one of the clearest ways to prevent losses, reduce their severity and show carriers that your organization takes its driving exposure seriously.

A STRONG FLEET SAFETY PROGRAM CAN INCLUDE

- ☐ Establish clear criteria for who is permitted to drive on company business.
- ☐ Use telematics or other technology to identify risky driving behaviors.
- ☐ Maintain and consistently enforce written fleet and distracted-driving policies.
- ☐ Maintain vehicles according to a documented inspection and maintenance program.
- ☐ Provide regular driver safety and defensive-driving training.
- ☐ Review accidents and near misses to identify patterns and corrective actions.
- ☐ Review MVRs at hire and regularly thereafter; consider continuous monitoring where appropriate.
- ☐ Apply appropriate requirements to employees using personal or rented vehicles for business.
- ☐ Document your fleet safety practices so your insurance team can clearly communicate them to carriers.

Help Tell Your Risk Story at Renewal

A well-managed fleet can help prevent injuries and losses, protect employees and the public, and strengthen the story your insurance team is able to tell on your behalf when approaching the market. **Good practices are more valuable when they can be demonstrated.**

Be prepared to show your insurance team:

- Changes you've made in response to past losses
- Improvements in driver screening or qualification
- How fleet policies are communicated and enforced
- Trends you're seeing in accidents, violations or telematics data
- Investments you've made in training, technology or vehicle safety
- Documentation showing your program is active - not just a policy on paper

Want the full details?

For additional context, market data and source information, read the complete article at morrisgarritano.com