

Q3 2024

Commercial Trucking Report: Risk Intelligence and Market Insights

For insurance professionals
and their clients.





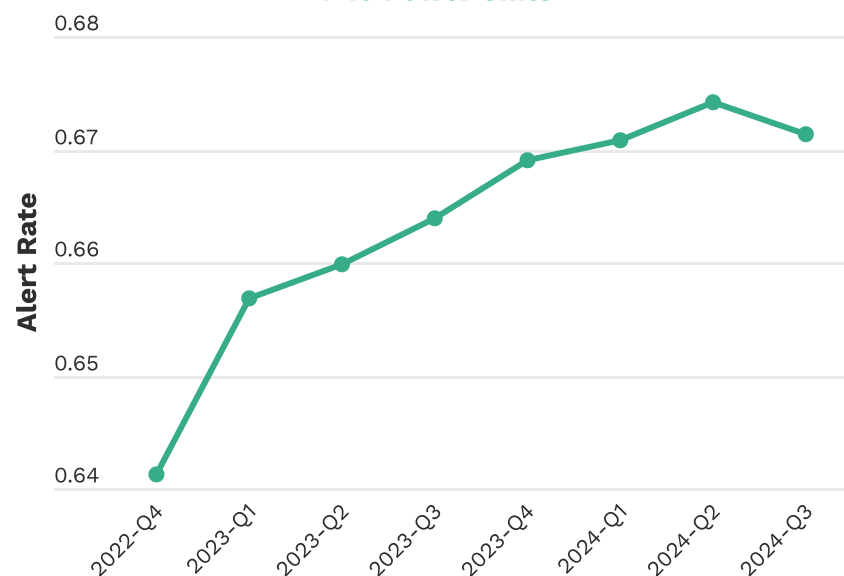
Unsafe Driving Violations

Highlights

- Medium and large motor carriers have lower alert rates, which aligns with the theory that they tend to have more resources to dedicate to safety solutions.
- Small motor carriers might be relying on less experienced drivers but could also be skewed by data sufficiency.

Small Motor Carriers

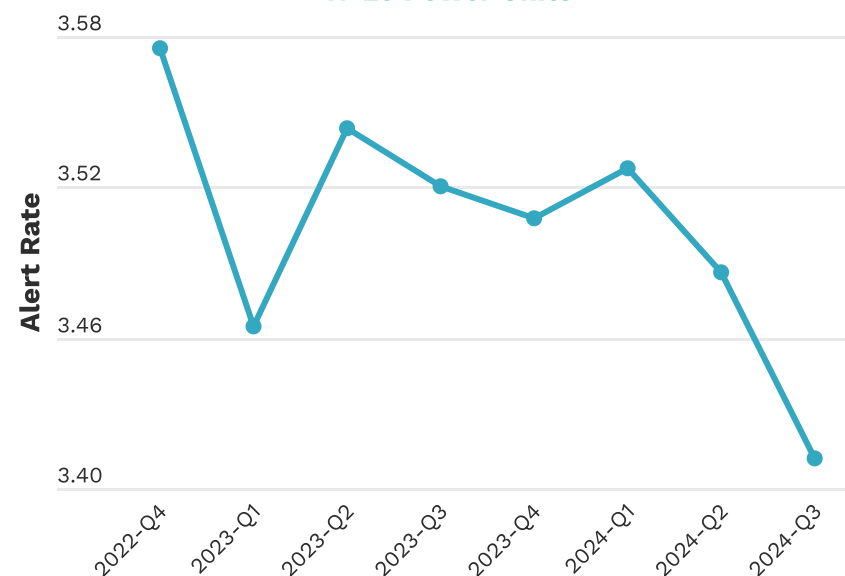
1-10 Power Units



It's important to note that most **small motor carriers** don't have enough data to create a BASICS score at all. For the ones that do, we're seeing a consistent uptick in alert rates. That uptick could be due to the current data sufficiency, but it could also be due to other factors, such as relying on less experienced drivers who are cheaper to hire and less access to tracking technology and telematics.

Mid-Size Motor Carriers

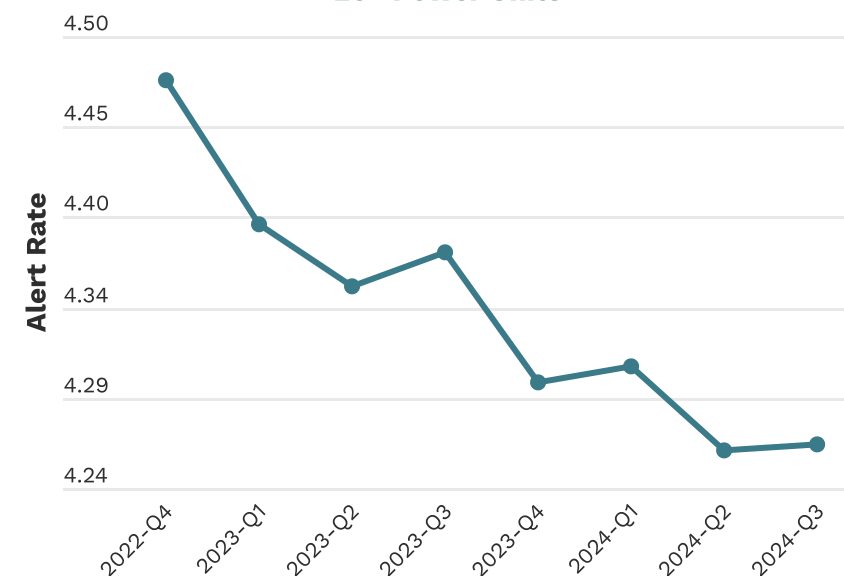
11-25 Power Units



Mid-size motor carriers seem to be cracking down on safety. Compared to small motor carriers, they also have more financial stability to enact stronger safety solutions. There might even be pressure to lower their violations due to the rate increases from insurance carriers.

Large Motor Carriers

26+ Power Units



Just like mid-size motor carriers, **large motor carriers** have more financial stability to enact their safety changes. That includes access to telematics and other safety tools to see where they can improve. There's also currently less freight available for carriers, which could mean that large motor carriers are shedding units, as well as their drivers with the worst safety performance.



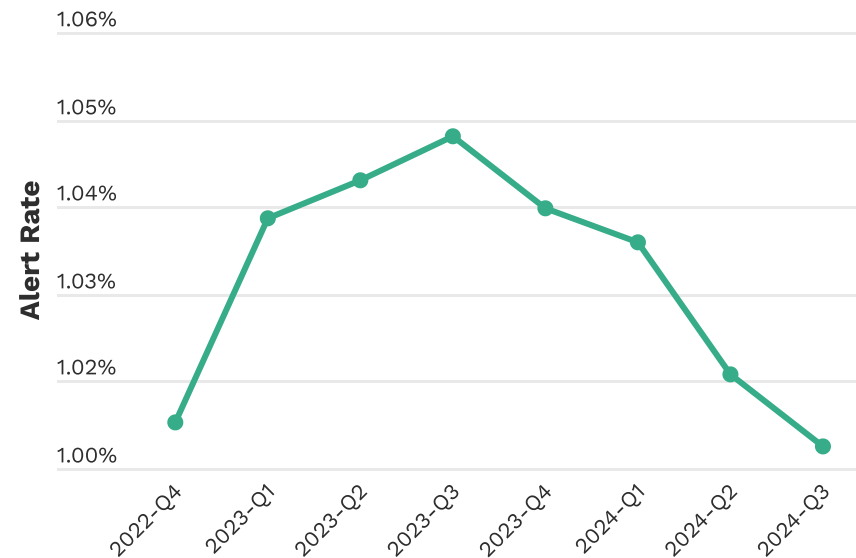
Hours of Service Violations

Highlights

- Small motor carriers tend to have less oversight, which could lead to less HoS enforcement.
- Mid-size motor carriers might be starting to figure out how much violations affect their insurance costs.
- Large motor carriers follow an interesting pattern year over year depending on the quarter.

Small Motor Carriers

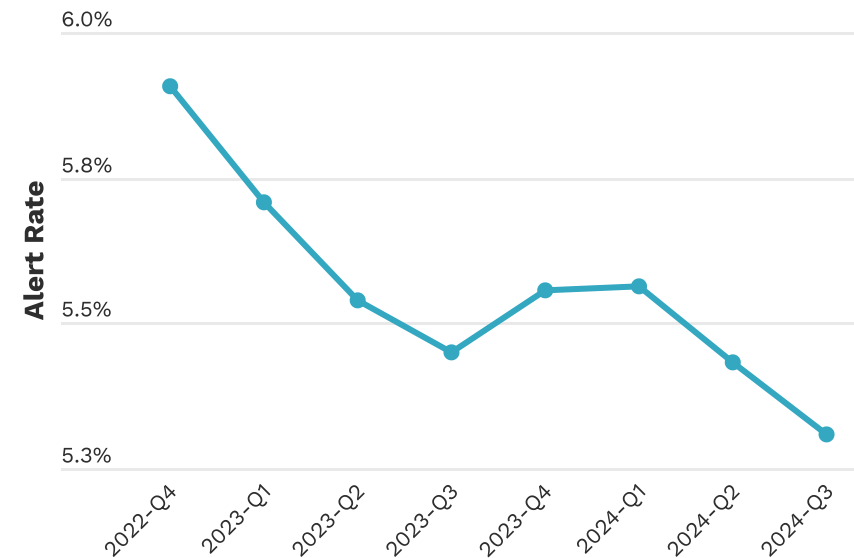
1-10 Power Units



Small motor carriers have a habit of flying under the radar when it comes to Hours of Service enforcement. Especially as they are focusing on shipping freight more quickly and getting as many jobs done as they can.

Mid-Size Motor Carriers

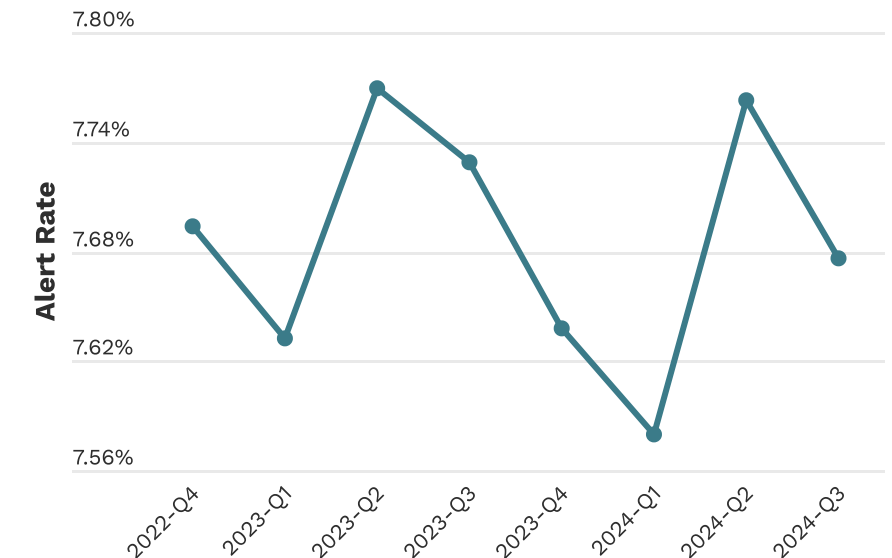
11-25 Power Units



This data may indicate that **mid-size motor carriers** are understanding how their Hours of Service violations are affecting their insurance costs. They could be working to bring those numbers down and enforce Hour of Service regulations more strictly.

Large Motor Carriers

26+ Power Units



These changes in **large motor carrier** Hours of Service violations are interesting to see because there appears to be a seasonality to it. In Q1, there's a lull in freight, which would explain the decline in violations, but then freight starts to pick back up in Q2 and we see them wanting to complete as many jobs as possible as quickly as they can.

Commercial Trucks Pricing

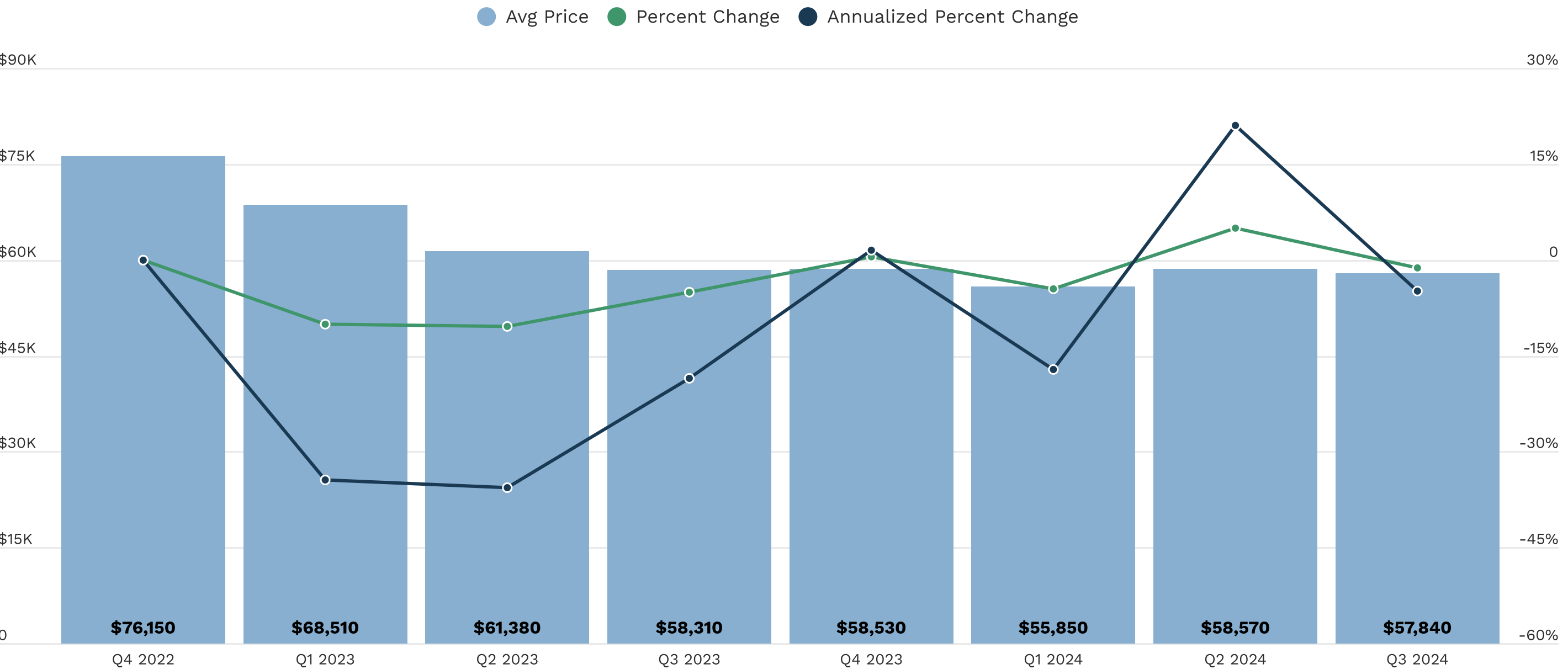
With the exception of light duty trucks that have remained fairly steady, we're seeing the overall trend of truck prices going down over time. That could imply that motor carriers of all sizes will be upgrading their vehicles in the near future.

However, small motor carriers might not expand as much as medium- or large-sized. Insurance costs for newer trucks are going to be high enough already due to more technology and electronics in the vehicles. Large carriers benefit from economies of scale, allowing them to secure better insurance rates per vehicle compared to smaller fleets, so those higher costs might deter smaller operations from expanding too much.



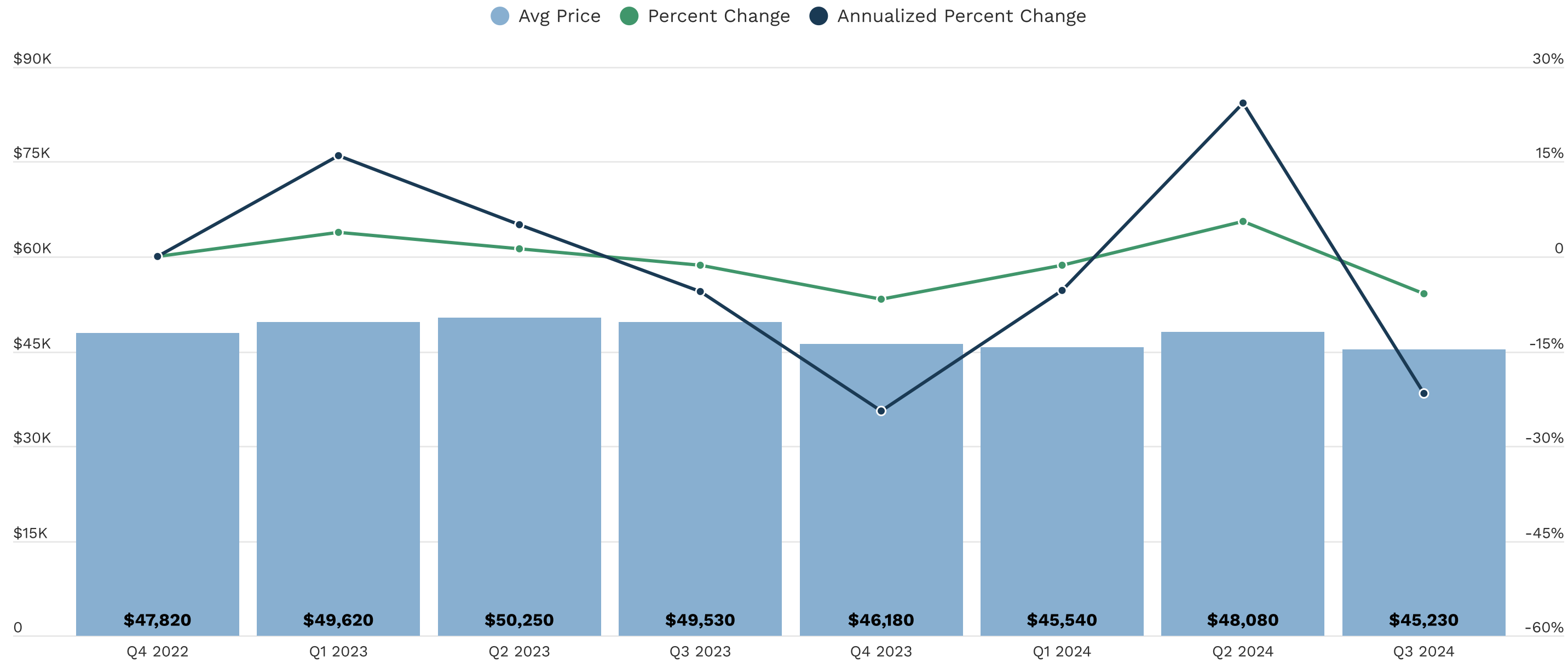
Commercial Trucks Pricing

HEAVY DUTY



Commercial Trucks Pricing

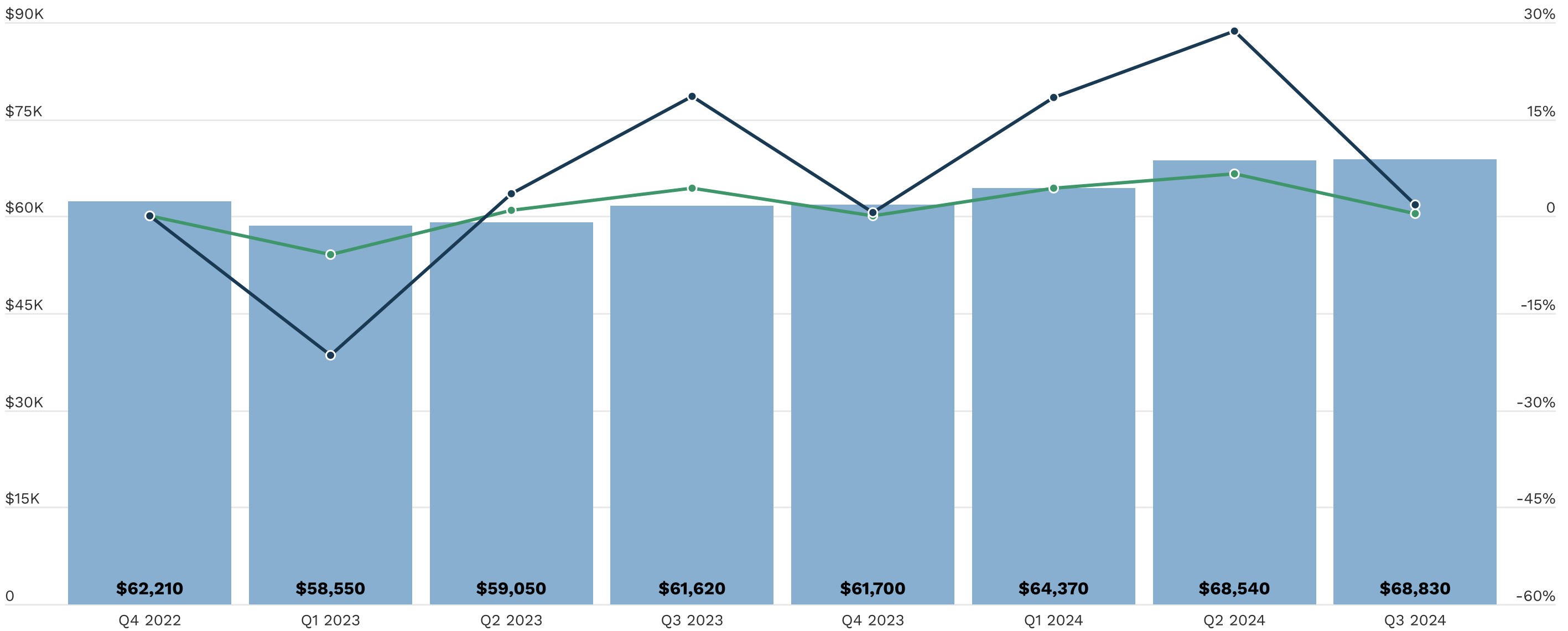
MEDIUM DUTY



Commercial Trucks Pricing

LIGHT DUTY

Avg Price Percent Change Annualized Percent Change



Methodology

BASIC Alert Rate Methodology:

For this report, we used the number of power units reported by the motor carrier on their MCS-150 form to determine their size:

- Small: 1-10
- Mid: 11-25
- Large: 26+

But it's important to note that the SMS power unit count excludes passenger vehicles that carry less than nine passengers.

We calculated the alert status based on the SMS methodology. The alert rate is calculated by dividing the number of motor carriers in alert status by the total number of active motor carriers. The quarterly alert rate is the average of each month in the quarter.

Lastly, the reason we chose to focus on Unsafe Driving and Hours of Service BASICS is because they are highly correlated with increased crash risk. (for example: <https://nap.nationalacademies.org/read/24818/chapter/4#33>)

Commercial Trucks Pricing:

Our company gathers data from a variety of trusted resale and auction platforms, along with direct contributions from established data partners. This information is processed and updated monthly, utilizing a rigorous ETL (Extract, Transform, Load) process to ensure it is cleansed, standardized, and ready for analysis. For this analysis we used our US resale market data, focused on Class 2 trucks and above. We then broke the data down further into Light Duty (Class 2-3), Medium Duty (Class 4-6) and Heavy Duty (Class 7-8) trucks.

In order to avoid duplicates, we also used the most recent listing for a given VIN in each quarter. Lastly, we excluded listings for any non-running and salvaged trucks, as well as price anomalies. Only model years 2008 and newer are included in the analysis.

Annualized % Change: The Annualized % Change shows what the percent change would be if the quarterly change rate continued for all four quarters. It is computed by compounding the quarterly change rate for each quarter.

Glossary

Unsafe Driving Violations: Operating a CMV in a dangerous or careless manner. Example violations: speeding, reckless driving, improper lane change, and inattention.

Hours of Service Violations: Operation of CMVs by drivers who are ill, fatigued, or in noncompliance with the HOS regulations. This BASIC includes violations of regulations surrounding the complete and accurate recording of logbooks as they relate to HOS requirements and the management of CMV driver fatigue. Instances related to the HOS Compliance BASIC are distinguished from incidents where unconsciousness or an inability to react is brought about by the use of alcohol, drugs, or other controlled substances. Example violations include: HOS, logbook, and operating a CMV while ill or fatigued.



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