

Q4 2024

# Commercial Trucking Report: Risk Intelligence and Market Insights

For insurance professionals  
and their clients.



# Commercial Trucking Operational Risk Indicators

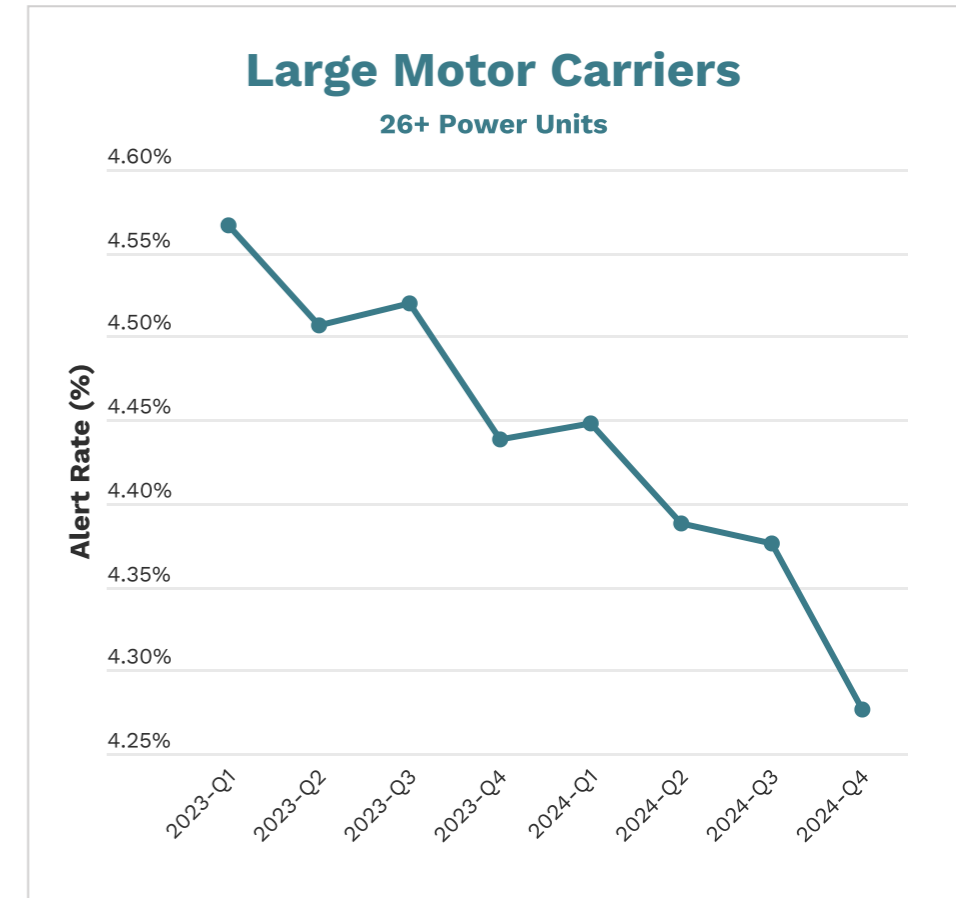
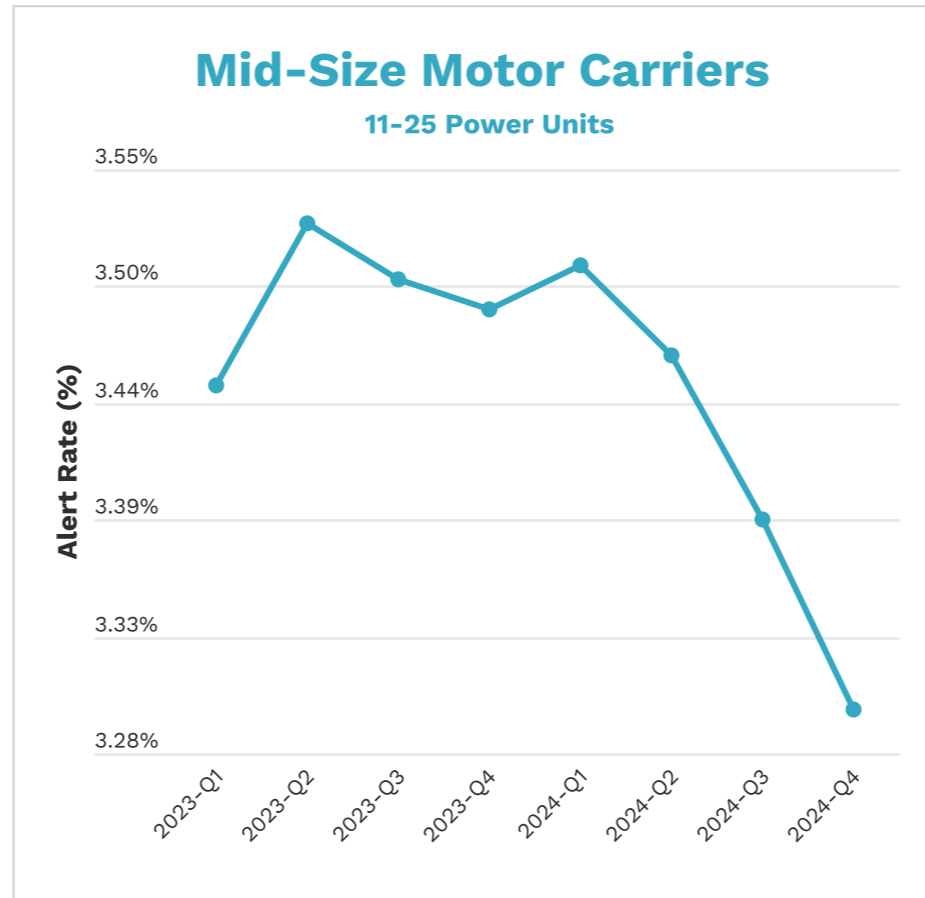
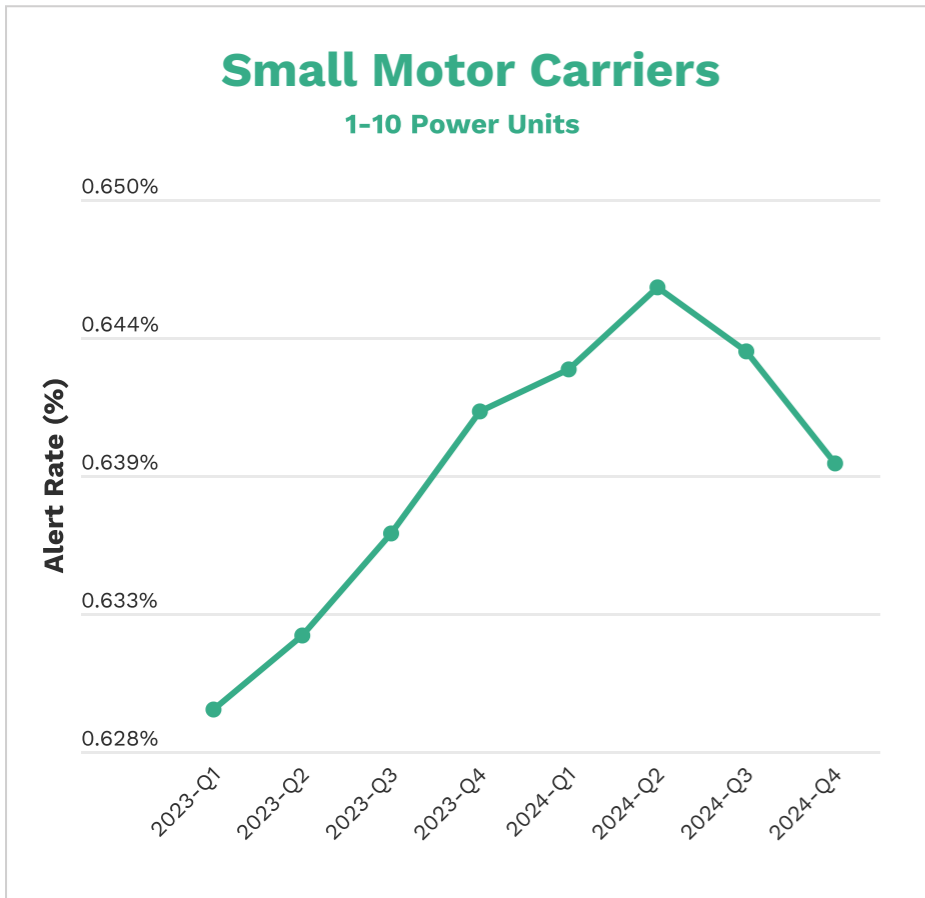
The operating safety trends of the commercial trucking industry continue to see improvement in core risk indicators. We see a sustained favorable trend in the FMCSA's alert rate percentages for both Unsafe Driving (18.5 basis point Q4'23 to Q4 '24 YoY improvement, Mid-Size Operators) and Hours of Service (24.6 basis point Q4'23 to Q4 '24 YoY improvement, Mid-Size Operators), which is a positive sign for overall safety and improving future loss trends for the industry. While the adoption of ADAS, Telematics, and other safety tech will no doubt continue to inform long term accident frequency trends, we believe the market is experiencing a short-term reversion to historical trends from its post pandemic surge in exposure, activity, and demand/supply imbalance. As the freight market continues to recover from its period of rapid expansion and present contraction, in our view, current trends reflect an outside influence of a reduction in the underlying activity base and population mix-shift favoring healthy, long-tenure, motor carrier operators.





# Unsafe Driving

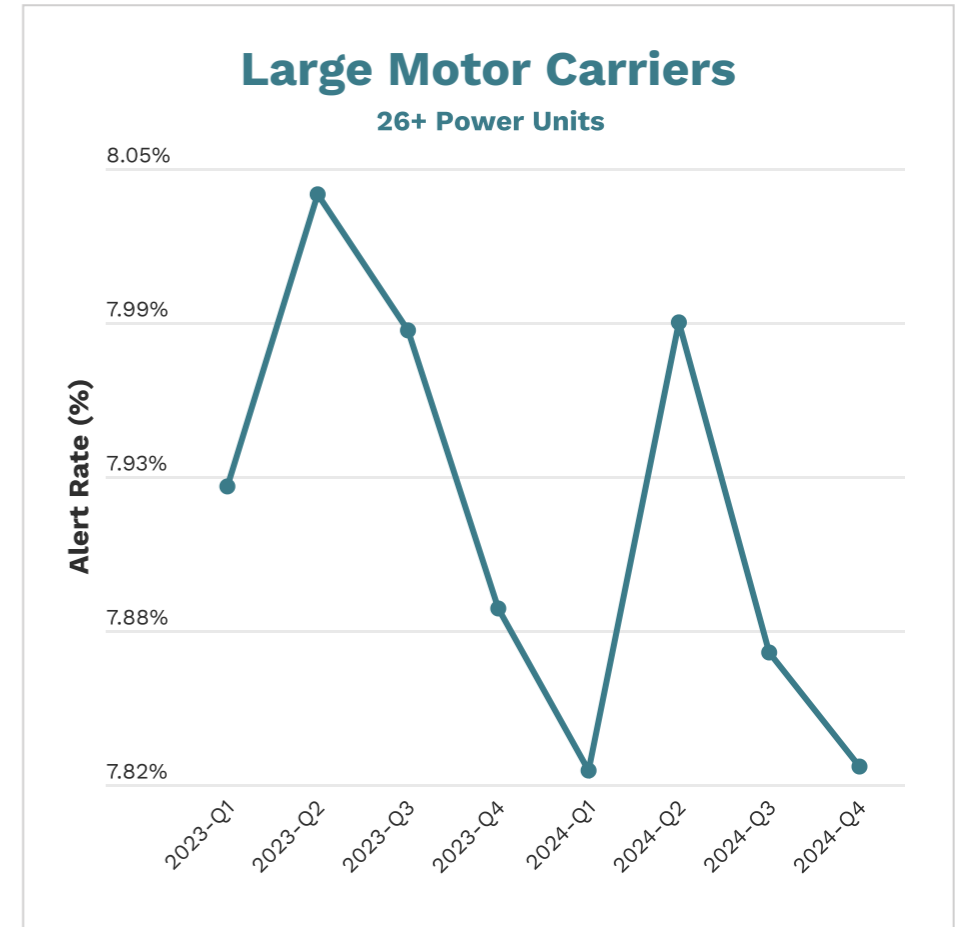
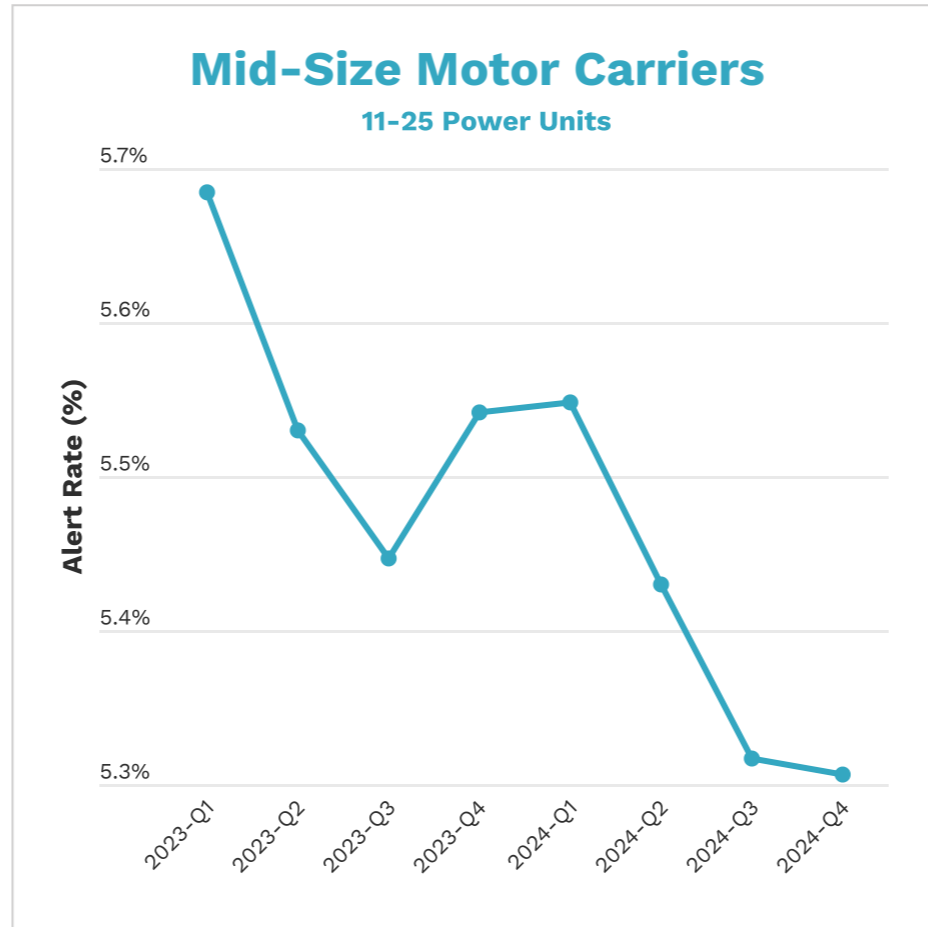
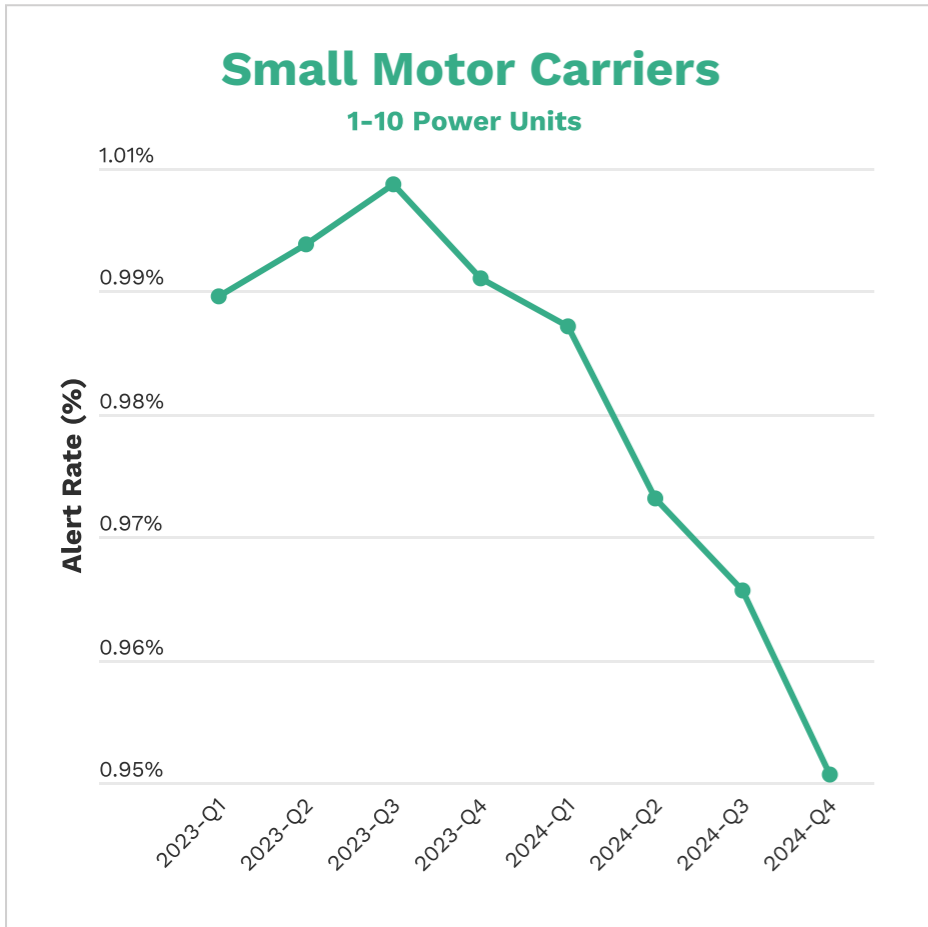
While we assess an improving risk environment for the Commercial Trucking market overall, we see the rate of improvement in risk indicators favoring size with smaller carriers slower to see improvements. Between Q4 23 and Q4 24, we observe +16.0 basis point and +1.3 basis point advantage in Unsafe Driving and HOS rates of improvement respectively favoring larger motor carriers. In our view, we're observing the benefits of robust safety operations afforded by larger motor carriers, proactively adapting to market conditions. The implications would be that rising/falling tide does not impact all operators equally and that individual operator evaluation remains warranted.





# Hours of Service

Overall, we expect risk indicators to continue to follow the economic environment in the freight market as new entrants continue to slow and underperformers exit the market. The savvy risk manager and underwriter should remain vigilant to a slowing in improvement, or even reversal in alert rates, as the market begins to stabilize. For anyone analyzing this data, it's essential to look beyond HOS and Unsafe Driving violations. Factors like driver tenure, range of operation and years in business provide crucial context to these trends.





# Commercial Truck Pricing, Physical Property

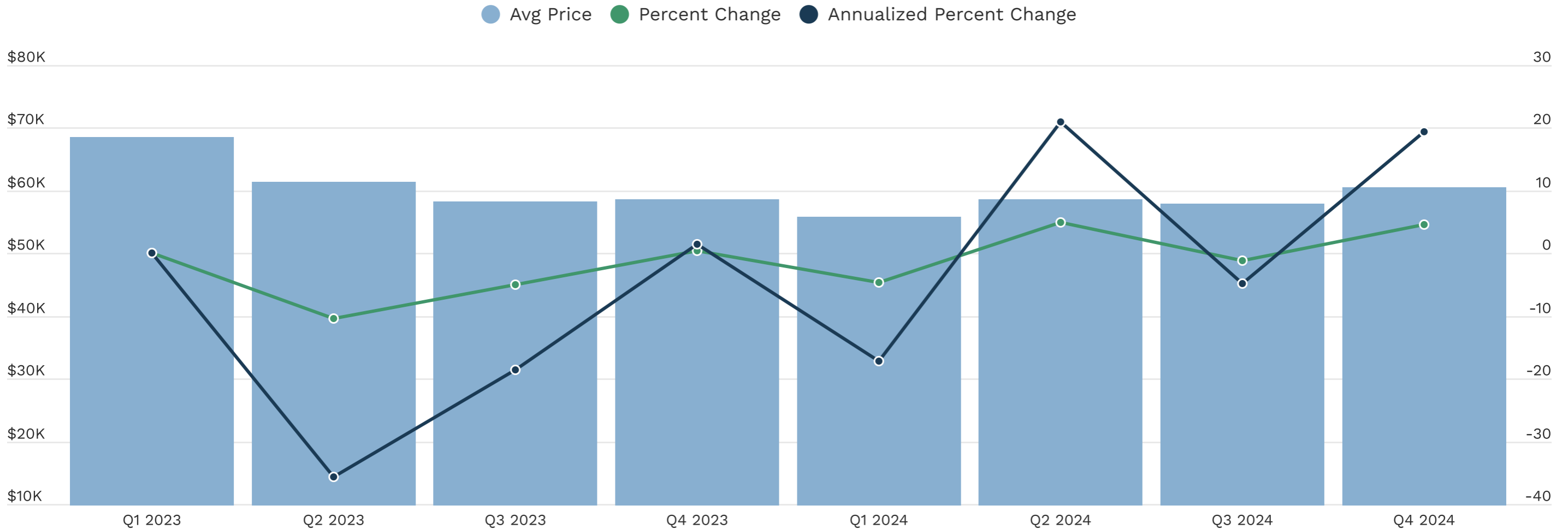
We're aware of several forces, inflation, interest rates and excess freight capacity that would exert opposing pressures on commercial auto physical property retail pricing and replacement cost.

Among them, we would expect to see prices falling in the face of excess capacity, falling in the face of rising interest rates, and rising under the weight of inflation. Indeed, pricing trends in this market are inconsistent, inviting open speculation.

# Commercial Trucks Resale Pricing

## HEAVY DUTY

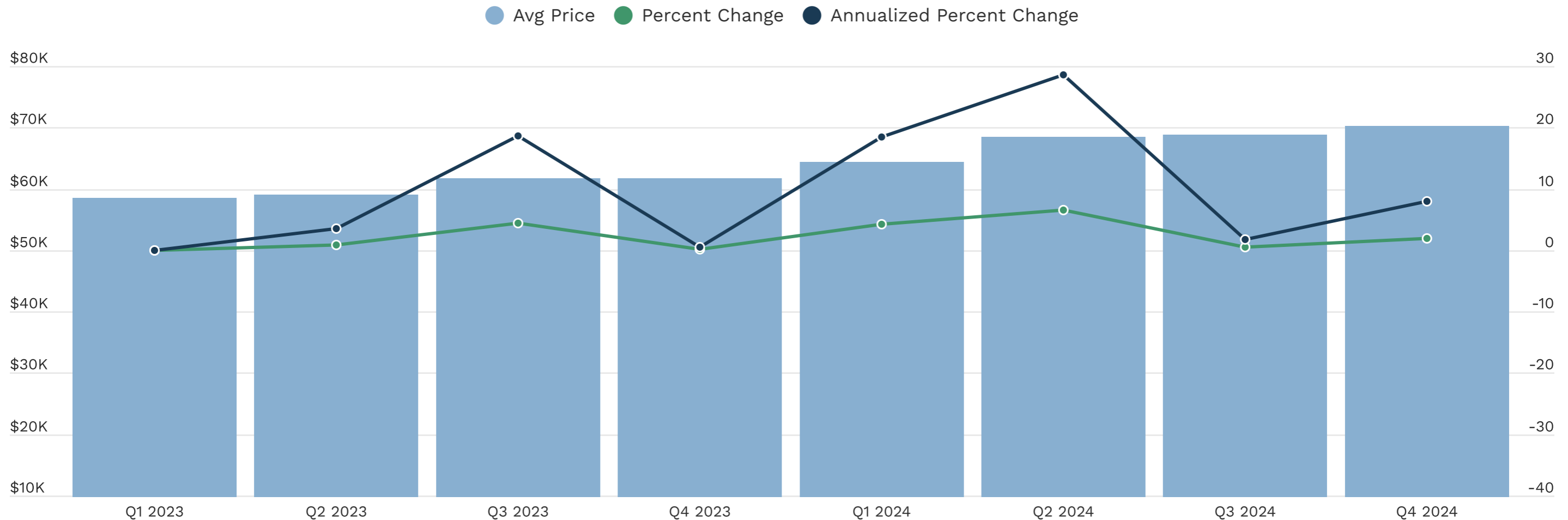
Heavy trucks, favored by long-haul operators, have among the fastest turnover rates in the industry and could be expected to be a leading indicator for slower turning medium and light trucks. Within the heavy truck market, we're observing a late rise in average pricing, rising Q4'24 to Q4 '24 +3.3%, after prior recession driven declines. Could this be an indicator that the freight market is beginning to buy up capacity and demand for equipment is beginning to rise?



# Commercial Trucks Resale Pricing

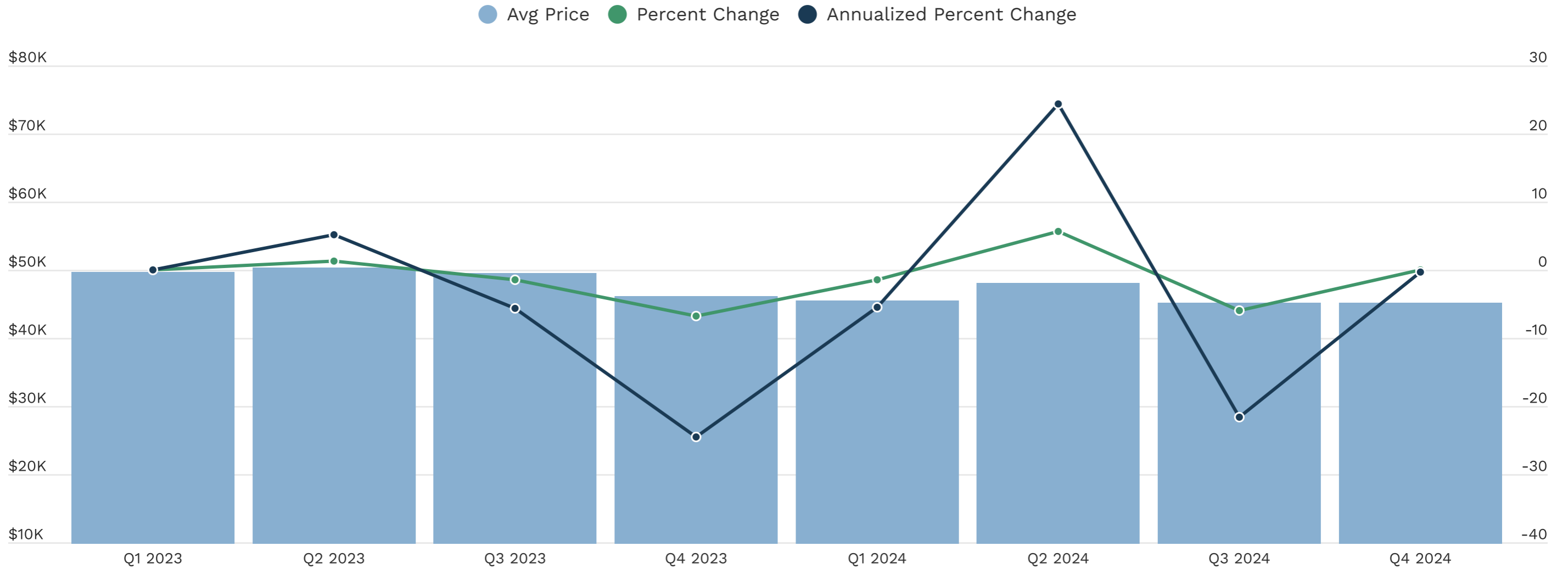
## MEDIUM DUTY

On the other end of the market, light trucks, favored by short-haul and sprint operators continue to show a sustained decline in average pricing, falling (2.1%) over the same time period. We believe rising interest rates and light truck operators greater flexibility to delay disposition and acquisition of equipment is producing a general sustained decline in price points, for now. Stayed demand, however, cannot forestall indefinitely leading us back to the rising trends in the heavy truck market as an especially interesting future indicator. Stay tuned.



# Commercial Trucks Resale Pricing

LIGHT DUTY



**Want deeper insights? Talk with our experts to learn more about how Fusable's CAB and PRD data and analytics can help you navigate risk trends and leading indicators in the commercial auto market.**



# 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. SMS is the Federal Motor Carrier Safety Administration's (FMCSA's) Safety Management System within their CSA program. Compliance Safety Accountability, CSA, utilizes fleets' roadside activity to evaluate which operations need attention. 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.



## Commercial Auto is a complicated business. Stay ahead of the market

Fusable was born from the notion that we are not just data providers but architects of possibility. We fuse multiple datasets into new abilities to understand your markets, grow profitability, and manage risk. Fusable's Risk Intelligence division combines the strengths of both Central Analysis Bureau and Price Digests to provide a comprehensive risk assessment solution specifically for the commercial lines insurance industry.

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