



# Transportation & Trucking

## Business insurance claims consulting

**Transportation and trucking play a crucial role in the U.S. economy, contributing significantly to the country's Gross Domestic Product (GDP).**

The Bureau of Transportation Statistics (BTS) reports that transportation and warehousing, excluding household transportation, represented 3.9% of GDP in 2021, amounting to over \$193 billion.

According to the Federal Motor Carrier Safety Administration (FMCSA), there were 1.1 million registered for-hire motor carriers as of June 2022. However, it is worth noting that the U.S. Department of Transportation (DOT) states that 99.7% of these carriers operate fleets consisting of fewer than 100 trucks. Despite the industry's scale, it faces various challenges, including claims involving vehicular accidents and employee injuries.

## Key issues

There are some critical issues in the transportation and trucking industry that result in increased claim activity. These issues include:



**Driver shortages:** Finding qualified drivers has been a long-term top challenge, supplanted recently by record-high fuel costs. The American Transportation Research Institute (ATRI) conducted an annual study of critical issues in trucking and determined driver shortages were the number one concern of motor carriers for five consecutive years. According to American Trucking Associations (ATA), the current shortage exceeds 80,000 truck drivers, and this number could double by 2030. This shortage has led to the use of less qualified drivers, increasing the risk of vehicular accidents and injuries.



**Driver retention:** Retaining drivers is just as challenging as finding them. Motor carriers are faced with intense competition for experienced drivers, which has led to an increase in compensation and benefits offered. According to ATRI, data on operational costs showed that driver wages in 2022 increased by 9.8% from the previous year. Additionally, companies with high turnover rates tend to experience more claims compared to those with high rates of employee retention. As qualified drivers continue to be in high demand and have multiple opportunities to change employers, driver retention will remain an ongoing issue.



**Truck parking:** The lack of parking facilities for trucks is a nationwide problem, but it is especially acute in urban areas where the demand for truck freight is concentrated. According to research conducted by the Federal Highway Administration (FHWA) and the ATA, the United States currently has 313,000 truck parking spaces or one space for every 11 truck drivers. This shortage of parking spaces raises safety concerns as fatigued drivers are often forced to continue driving in search of parking or choose undesignated parking near highways. Driver fatigue and unsafe parking conditions are leading factors in vehicular accidents and injuries.



**This sector employed more than 6.5 million workers or 4.2% of the U.S. workforce as of October 2022.**

## Claims consulting considerations

Transportation and trucking claims present numerous challenges, such as:



**Liability:** Transportation crashes involving large trucks are unfortunately common, with a significant number of them resulting in fatalities or injuries. In 2020, according to FMCSA data, there were about 415,000 police-reported crashes involving large trucks. Out of these, 1% (4,444) were fatal, and 24% (101,000) caused injuries without any fatalities.

These crashes often lead to litigation, putting motor carriers at risk of facing unfavorable verdicts depending on jurisdiction. The ATRI conducted research that revealed an alarming spike in the average size of trucking accident verdicts. In 2018, the average verdict amount reached nearly \$23 million. Unfortunately, multimillion-dollar verdicts have become a continuing trend.

The increasing exposure of trucking liability claims is a significant driver of rising insurance costs.



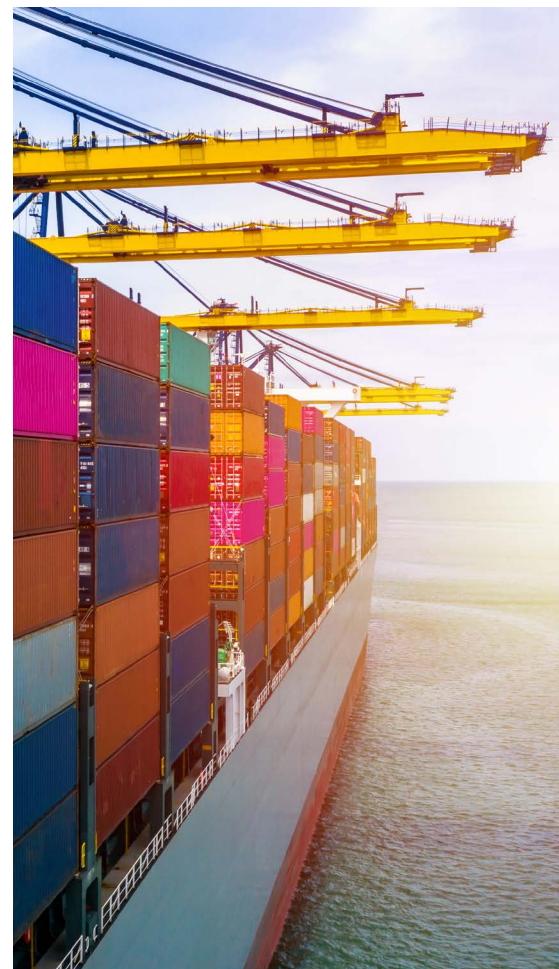
**Towing expense:** The average cost of towing a car within a 5-mile radius is \$109. However, when it comes to towing a semi-truck, the cost can range from \$250 to \$500 for the hookup, plus an additional \$20 to \$50 per mile driven to the destination. To reduce these expenses, it is important to have effective towing agreements in place.



**Legal advice:** Engaging the right attorney who specializes in transportation and trucking can significantly improve the outcomes of your claim results. It's important to note that not all defense firms are equipped to handle the complexities associated with transportation and trucking related claims.



**Multi-carrier claims:** Most transportation and trucking claims often involve multiple insurance carriers and different lines of insurance coverage.



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## How we can help

By addressing these key issues and effectively managing complex claims that involve multiple parties and coverages, the Claims Consulting team at Marsh McLennan Agency (MMA) is dedicated to mitigating risks and ensuring a seamless claims process. They can work with you and your insurance carrier to manage liability claims to the best possible outcome, specialize in negotiating rates, finding resources to help minimize costs, and assist in identifying the most suitable firm and preferred rate for your transportation and trucking company. Contact a member of our Claims Consulting team for more information or assistance throughout the claim process.



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