



# 2024 Q3 Transportation Market Update

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Several years ago, while I was visiting a trucking client, the owner was wearing a hat that said, "Trucks Bring It!" He noted that most everything you see, use, purchase, or want will be or has been delivered on a truck. According to industry data, nearly 73% of the nation's freight by weight is moved by trucks.<sup>1</sup> Employing millions of people across the US in trucking-related careers, more than 750,000 active motor carriers own or lease at least one tractor as of April 2023. Also, according to their statistics, most of those operations (95.8%) represent smaller business owners with 10 trucks or less.

Devastating natural disasters such as floods, wildfires, tornadoes, and hurricanes occur in different parts of the country each year. Truckers and contractors play a pivotal role in delivering the goods and supplies to rebuild, helping people put their lives back together.

While choosing the right insurance helps property owners and residents make sure they're properly protected during and following these disasters, choosing the proper transportation insurance is also essential for our ever-involving industry. Insurance is a key component for the transportation industry, whether it's property damage or bodily injury coverage for those operating the vehicles, property protection for the vehicles, insurance for the cargo, or even coverage for injuries to individuals while on the insured's premises.

## RPS TRANSPORTATION PROGRAMS: BREAKING NEWS

We're pleased to announce that [non-trucking liability \(NTL\)](#) is now available to trucking clients in 31 states that have up to 10 power units, and an additional 16 states will be added later this year. NTL coverage enhances

our existing coverage offerings, including auto physical damage, motor truck cargo, and truckers general liability. Visit [RPSSmallBusiness.com](https://www.RPSSmallBusiness.com) for more.

RPS Fleet Trucking is also now live in Texas, making 23 states where our exclusive trucking program is available. Consult with your RPS Transportation representative to learn more about these and many other offerings.

## AUTO PHYSICAL DAMAGE AND EQUIPMENT UPDATE

Auto physical damage insurance protects your investment or financial responsibility for the vehicles you operate. Most insurance carriers require clients to specifically schedule or report these vehicles in detail, including their make, model, vehicle identification, and current actual cash value (ACV). If there's a bank loan or additional insured that applies to that vehicle, the carriers need to know that as well so they can provide the proper policy notifications those lienholders require.

Some insurance carriers provide financed value coverage or gap coverage as an enhancement to the policy. The benefit of this coverage applies when there's a gap between the equipment loan amount and ACV. However, clients typically need to have the stated amount on their policy schedule as either the vehicle's outstanding loan amount or ACV, whichever is greater, to receive the benefit at the time of a loss.

At a recent insurance carrier conference, it was noted that a couple of years ago the lack of equipment availability and the surge in new trucking carriers drove up the cost of new and used equipment, and the loans that were used to purchase that equipment.<sup>2</sup>



This surge in equipment values happened as the demand for freight spiked during the pandemic, causing an uptick in the number of active carriers in the US.<sup>3</sup> As noted in [our past Transportation Market Outlook reports](#), freight rates cooled and several of those entrants closed their doors, leased back onto larger fleets, or exited the market altogether, which led to more trucks and trailers available in the marketplace. Used truck values have dropped, because carriers exited the marketplace and supply increased, leaving some clients vulnerable to their outstanding loan payments when their ACV drops.

It's important for clients to review their equipment values with local dealers and advise their retailers if the stated amounts on their policies need to be adjusted. It's also important to understand if gap coverage or financed value coverage is available to them on their policy, if they determine that their outstanding loan balance exceeds their current ACV.

<sup>1</sup>["Economics and Industry Data."](#) American Trucking Associations, accessed 17 Jul. 2024.

<sup>2</sup>["An Analysis of the Operational Costs of Trucking: 2024 Update."](#) American Transportation Research Institute, June 2024. PDF download.

<sup>3</sup>["2023 Pocket Guide to Large Truck and Bus Statistics."](#) U.S. Department of Transportation, Dec. 2023. PDF download.