



What's Driving Up Commercial Auto Rates?

Get to know the 8 factors contributing to the high costs.

The commercial auto insurance market experienced average industry growth rates of 5.9% from 2014 to 2019. There are no signs of a reprieve as bodily injury claims continue an upward trajectory, while carriers face deteriorating loss results and rate inadequacy.

Here are a few of the leading factors driving the increase:



Distracted Drivers

Talking or texting on the phone, eating, drinking, and setting the navigation system have caused increased distractions and fatalities. According to the National Highway Traffic Safety Administration (NHTSA), taking your eyes off the road to text for 5 seconds at 55 miles per hour is like driving across a football field with your eyes closed.

Likelihood of car accident while performing these activities:



2x
eating



3x
grooming



23x
texting

Impaired Driving

According to the NHTSA, more than 10,800 drivers died while under the influence of alcohol in 2017. Although the rate of drunk driving has decreased over the past 30 years, the number of drivers operating under the influence of marijuana and other drugs has dramatically increased. About 44% of fatal crashes between 2008 and 2016 were caused by drivers who were under the influence of two or more drugs.

Aggressive Driving

Drivers are driving more aggressively; they are running red lights, speeding, changing lanes without signaling, and tailgating. According to the NHTSA, speeding alone contributed to about 10,000 deaths in 2017.

More Traffic

Accidents increase when there are more cars on the road. As traffic increases, drivers tend to get tired, drive more aggressively, and crash more often.

Inexperienced Drivers

Turnover rates for commercial drivers continue to increase, and there is a shortage of experienced commercial drivers. Many companies are starting to hire younger drivers with less experience and training, which poses a higher risk.

Increased Litigation

There has been a dramatic increase in attorney involvement, litigation funding, and trial cases. Over the last 13 years, claimants hired more attorneys than ever before for bodily and personal injuries. Litigation funding has also increased as outside investors help pay for legal fees in order to receive percentages of settlements.

Rising Medical Costs

According to the Internal Research Council, insurance claims for bodily injury increased by 10% from 2012 to 2017, and the medical inflation rate increased by 3% at the same time. The dramatic increase in medical expenses has accounted for about 79% of the economic loss for insurance claims.

Increased Vehicle Repair Costs

Because cars have more advanced technology, the cost to repair damages has increased tremendously. Anti-lock brakes, backup cameras, and blind-spot sensors are all expensive to replace or repair.

20%

of drivers between 18-20 stated texting doesn't affect their driving

25%

of car crashes in the U.S. involved distractions from cell phone usage

4X

Drivers are more likely to crash when using a hands-free device

55%

of drivers check social media while driving

Distracted Drivers



Sources: National Highway Traffic Safety Administration (NHTSA), National Safety Council (NSC), and 2019 Distracted Driving and Social Media Report

Steps to lower your loss



1) Develop and document a safety program for your fleet

Educate all employees on the program and communicate your expectations.



2) Use a company fleet and enforce a standardized policy for use of the fleet

Keep an account of who is authorized to use company vehicles, and limit any personal use of the fleet.



3) Hire experienced drivers

Driver selection is the key to a good safety program. Uphold a standard, ask for references, and run road tests.



4) Monitor employees' driving records on a regular basis

Check for any incidents and schedule follow-ups with drivers to review best practices.



5) Review every accident or incident

Discuss the situation and any actions needed to prevent future repeats.

About Azione Insurance

The Azione Insurance Program is the exclusive insurance partner of Azione Unlimited. Created by Alliant Insurance Services, Inc., Azione Insurance is the only program custom-built to address the unique risks faced by Azione members, unlocking a wealth of benefits, including lower rates, broader coverage, and enhanced convenience. Because of the customized nature of the program and the strength of Alliant, the majority of Azione members can save significantly on insurance costs while broadening their coverage upon switching to Azione Insurance.

About Alliant Insurance Services

Alliant Insurance Services is one of the nation's leading and fastest growing distributors of diversified insurance products and services. In the face of increasing complexity, our approach is simple: bring on the best people and invest more deeply in the industries and clients we serve. We operate through a network of specialized national platforms and regional offices to offer a comprehensive portfolio of services to our clients. Our goal is to ensure that they get the most innovative products—and innovative thinking—in the industry.

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