



HORIZON

2026 Property & Casualty Report

TRANSPORTATION

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Transportation organizations have always managed volatility. Fuel prices, labor availability, weather, and regulatory pressure are nothing new. What is changing is how tightly these pressures now stack and compound. Small operational inconsistencies increasingly show up as outsized claims, longer downtime, and tougher underwriting scrutiny.

Organizations that stay ahead won't be reacting after a loss or renewal surprise. They'll be the ones pressure-testing assumptions early — around drivers, equipment, contracts, and technology — before everyday exposures turn into costly disruptions.

ON THE HORIZON.

Key shifts influencing risk, highlighting where pressures are building and expectations are changing.

Technology is raising the bar

Telematics, predictive analytics, cameras, and routing tools are giving transportation organizations greater visibility into driver behavior and operational risk. Insurers are increasingly factoring this visibility into underwriting, with fleets that demonstrate strong safety programs and effective technology use often viewed more favorably.

While telematics adoption continues to accelerate, governance and regulatory standards around data use are still evolving. Underwriters and claims teams are looking beyond whether technology exists to how consistently data is reviewed, acted on, and documented.



83%

of commercial fleet operators report using telematics.

Source: *The Future of Fleets*



CASE STUDY

One large fleet client experienced serious auto-related claims over two years, including a fatality. **But because their fleet had telematics and dash cameras in place, the story changed.** Video evidence proved their drivers were not at fault. Claims were resolved faster, liability was shifted to the responsible parties, and the carrier saw clear proof that the fleet was **managing risk proactively.**

The takeaway: technology didn't just protect the drivers — it protected the company's reputation, preserved carrier confidence, and stabilized long-term insurance costs.

[LEARN MORE ABOUT TELEMATICS](#)

When analytics are integrated into training, coaching, and corrective action, they can improve risk control and claims outcomes. When data is collected but not consistently managed or used, it can raise questions about oversight and weaken defensibility after a loss.

When accidents happen, they carry more weight

Accidents aren't necessarily happening more often, but when they do, they cost more. Medical inflation, nuclear verdicts, litigation financing, and extended downtime are pushing severity higher across auto liability, workers' compensation, and cargo claims.

Regulatory and safety enforcement — led primarily by the Federal Motor Carrier Safety Administration — is focused on reducing accidents and protecting lives by monitoring driver fitness, fatigue, and vehicle condition. Roadside inspections, audits, and compliance reviews are not only preventive tools, but also become reference points after a loss. When violations surface following an incident, they can complicate claims, extend resolution timelines, and increase settlement pressure.



SEVERITY WATCH

Third-party bodily injury claims are a major driver of claims severity, not because they occur frequently, but because of how they develop over time. Medical inflation and litigation can turn routine incidents involving people outside the organization into long-tail, high-cost losses that impact renewals and capacity.

Source: CCC Crash Course Report

Underwriting is focused on execution, not intent

Carriers are spending less time evaluating what transportation organizations intend to do and more time examining how operations actually function day-to-day. Written policies and safety manuals still matter, but they are no longer enough on their own. Underwriters are looking for evidence that procedures are applied consistently across drivers, routes, terminals, and supervisors.

Documentation quality and training consistency are key differentiators. Driver qualification files, MVR monitoring, and corrective action records are increasingly used to assess operational discipline, with gaps between policy and practice surfacing during underwriting and after losses when claims defensibility matters most. Post-incident response is also under greater scrutiny, as timely reporting, documentation, and investigation can influence claim outcomes, reserves, and renewal discussions.



The rise in high severity auto claims has made transportation risk one of the most unpredictable areas of exposure heading into 2026.

Understanding where responsibility begins and ends, both operationally and contractually, is critical.

Carriers are paying closer attention to claims patterns and consistency, safety documentation and training practices, vendor and subcontractor controls, and evidence that operational risks are actively managed.



INTENT

- Written safety policies
- Driver standards
- Training requirements
- Incident procedures
- Safety technology use

EXECUTION

- Complete driver files
- Ongoing MVR checks
- Consistent training records
- Documented corrective action
- Timely incident reporting



COVERAGE TO WATCH

Auto Liability & Umbrella remain the primary concern for transportation, driven by rising severity in third-party bodily injury claims. Limits adequacy and umbrella capacity are increasingly tied to operational defensibility, while external pressures like tariffs and supply chain shifts can quietly alter routes, contracts, and exposure.

OVERLOOKED RISKS.

Where those shifts are already affecting outcomes, creating friction across claims, recovery, and financial impact.

The risks facing commercial transportation organizations are not new. What's changing is how quickly they stack and how small gaps in execution can amplify severity when incidents occur. As operations adjust to workforce pressure, technology adoption, and shifting routes, misalignment between intent and execution is where exposure often surfaces.

Data without discipline creates exposure

Advanced fleet technology gives transportation companies unprecedented visibility into driver behavior, but visibility without action creates risk. Telematics data that shows repeated violations without follow-up can fuel negligent entrustment claims and undermine defensibility in severe losses. In today's market, carriers are evaluating not just whether technology exists, but whether leadership enforces it consistently from the top down.

When fleet operations extend across borders, technology governance becomes even more critical. Telematics data may be subject to different privacy laws, data retention requirements, and employee consent standards depending on the country. Inconsistent policies across regions can create defensibility gaps when incidents trigger claims or regulatory scrutiny in multiple jurisdictions.

Increased vehicle connectivity is expanding exposure beyond traditional safety concerns. Telematics systems collect and transmit large volumes of sensitive operational data, shifting data protection from an IT issue to an operational one. As connectivity increases, so does exposure to cyber risk — making disciplined governance, security practices, and documented oversight essential to maintaining trust, compliance, and continuity.



Infrastructure Reality Check

Most U.S. transportation infrastructure is rated **“fair” to “poor.”**

Source: ASCE Infrastructure Report Card (2025)

Where standards meet reality

Safety programs and standards are widely in place, but inconsistency across terminals, routes, supervisors, and driver types continues to amplify severity. As fleets operate across aging infrastructure that is increasingly strained, everyday conditions — traffic congestion, road quality, and unplanned delays — leave less margin for error. In that environment, gaps in training, documentation, and follow-through are more likely to surface after a loss, when defensibility and oversight are under scrutiny.



WHEN TRANSPORTATION RISK CROSSES BORDERS

As transportation organizations expand routes, source equipment, or move goods internationally, risk doesn't stop at the border. Local regulations, admitted coverage requirements, contractual norms, and claims handling expectations can vary widely by country — creating gaps when international exposure isn't addressed intentionally.

M3's international solutions help transportation organizations align global operations with consistent coverage, local compliance, and clear accountability. From cross-border freight and foreign auto exposure to overseas facilities and contractors, we bring structure and visibility to international risk, so growth doesn't introduce unintended disruption.



Cross-border transportation introduces different rules, expectations, and risk dynamics. Our focus is helping organizations maintain confidence and consistency as their operations move beyond domestic boundaries.

— **Nate Troyer**,
Director of International
Practice, M3 Insurance



**LEARN MORE ABOUT M3'S
INTERNATIONAL SOLUTIONS**

Experience gaps show up after the crash

Driver shortages, turnover, and schedule pressure are increasingly reliant on new or reassigned drivers. When onboarding, fatigue management, and coaching aren't applied consistently, workforce strain becomes a severity multiplier rather than a frequency issue.

M3 LENS: CLOSING THE GAP BETWEEN RISK AND REALITY.

For transportation organizations, risk isn't defined by new exposures, it's defined by how well everyday operations stand up to scrutiny. Claims severity, underwriting outcomes, and renewal stability increasingly depend on execution: consistent driver oversight, documentation that reflects reality, governed use of technology, and defensible decision-making after a loss.

At M3, we work with organizations like yours to pressure-test assumptions before incidents or renewals force the conversation. By aligning operations, coverage, contracts, and claims strategy, we help reduce severity, strengthen underwriting confidence, and improve defensibility when it matters most.

Now is the time to identify where small execution gaps could lead to larger disruptions.



**Connect with your M3 Client
Executive or Risk Manager**

to assess driver programs,
coverage alignment,
contractual risk transfer, and
claims readiness.