



Cottingham & Butler

2026 | QUARTER 2

TRANSPORTATION INDUSTRY

Marketplace Update & Trends

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ABOUT THIS REPORT

This quarterly report covers insurance pricing and market conditions for transportation operators across the major property and casualty lines — Commercial Auto, Umbrella, Property, Workers' Compensation, Directors & Officers/EPLI, and Cyber — using industry data from The Council of Insurance Agents & Brokers.

The goal is to give fleets the context to anticipate market conditions, prepare for renewals, and make informed risk management decisions.

What these numbers track: Unless noted otherwise, the rate figures in this report come from The Council of Insurance Agents & Brokers (CIAB) and reflect the broad U.S. commercial insurance market across all industries — not trucking alone. We point out what each trend tends to mean for trucking operations where it applies.

Transportation Industry 2026 · Quarter 2

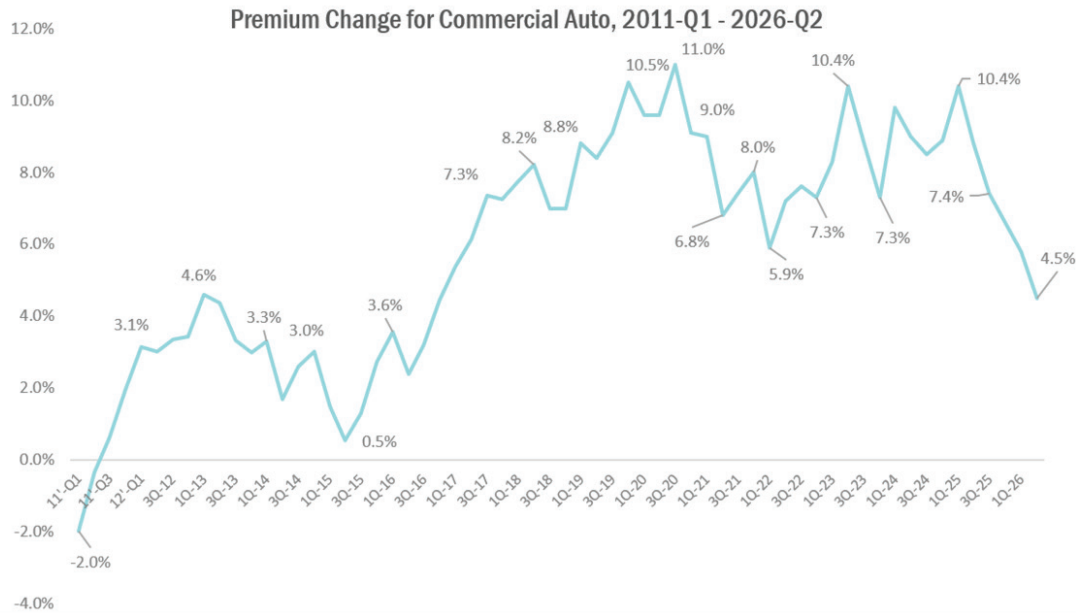
4.5%
INCREASE
IN COMMERCIAL
AUTO RATES

Commercial Auto rates rose 4.5% in Q2 2026, the 60th consecutive quarterly increase. The pace is slowing, but transportation accounts are still seeing auto costs climb, even as the broader P&C market posts its second straight quarterly decline.

Commercial Auto: What's Keeping Rates Elevated

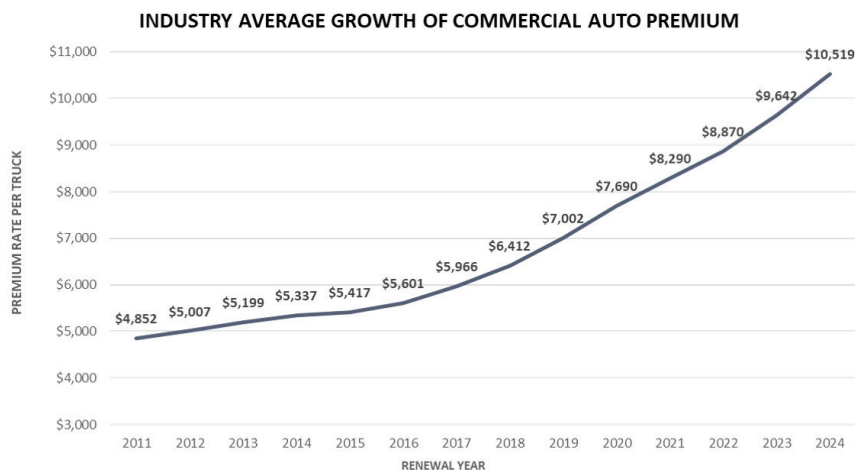
Even as increases moderate, the claims-cost pressures behind them remain firmly in place:

- **Liability severity** — litigation financing, nuclear verdicts, and a broadly elevated litigation environment
- **Distracted driving** — a growing contributor to both claim frequency and severity
- **Physical damage costs** — rising with vehicle technology complexity and persistent inflation
- **Driver shortage** — fewer qualified drivers entering the workforce, elevating overall risk profiles



Cumulative Impact: ~117% Rate Increase Since 2011

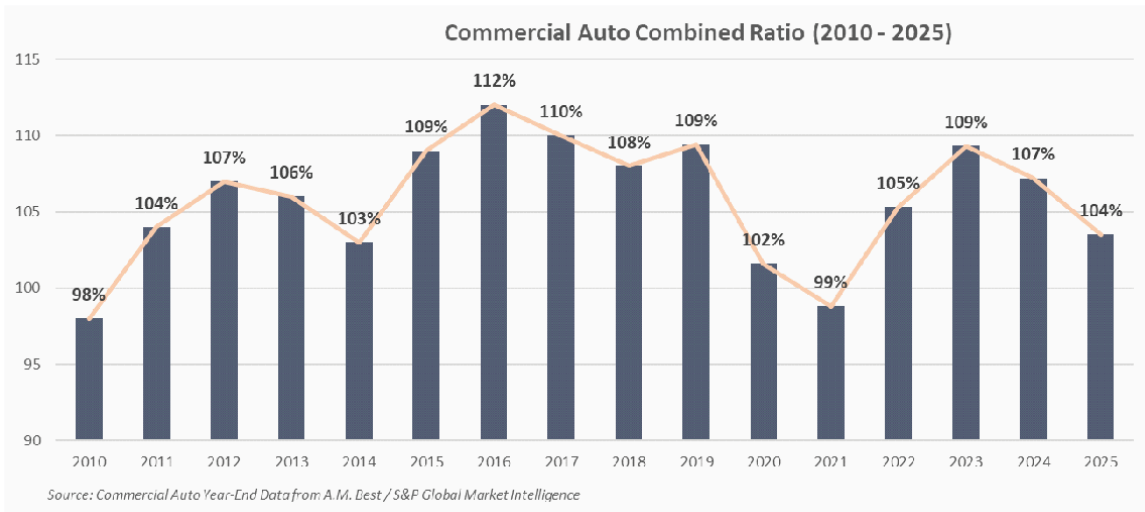
Factoring in average annual increases over the past several years, a typical commercial auto account has seen an approximately 117% cumulative rate increase from 2011 to 2024. This is why a slowdown in the pace of increases still leaves accounts at a substantially higher base cost than at the start of the cycle.



Industry Source: Council of Insurance Agents & Brokers Property & Casualty Market Survey

Carrier Profitability: 2025 Combined Ratio at 104%

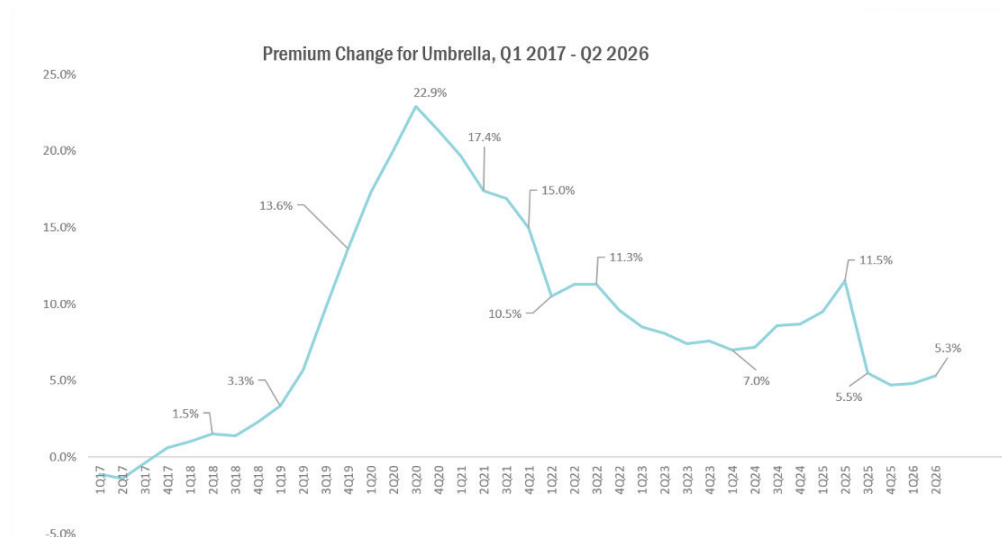
Carriers have been unprofitable in 14 of the past 15 years in commercial auto, even through years of double-digit rate increases. The brief improvement in 2020–2021, associated with reduced driving during COVID-19, was short-lived, and the unprofitable trajectory resumed from 2022. The 2025 combined ratio stands at 104%. Because a combined ratio above 100% indicates an underwriting loss, continued upward pressure on auto rates is likely until carriers reach sustained profitability.



Umbrella: Increases Continue, Capacity Constrained at \$10M and \$25M Layers

Umbrella pricing began firming in 2019 and increases have continued through 2025 and into 2026, driven largely by the same severity trends affecting commercial auto. The Q2 2026 rate increase came in at 5.3%, up slightly from 4.8% in Q1 — the trend remains upward even as headline increases have plateaued somewhat.

Capacity remains constrained, with limited carrier appetite for \$10M or \$25M capacity layers. Accounts with significant fleet exposure continue to face higher increases than the broader market, reflecting the elevated severity risk those operations present. Improving rate trend overall, though increases can still be materially higher for larger fleet-exposed accounts.



After an initial decline of -1.2% in Q1 2026, the marketplace index posted a second consecutive reduction of -2.0% in Q2 2026 — reinforcing that competitive market conditions are taking hold in 2026.

-2.0%

OVERALL
RATE CHANGE

2

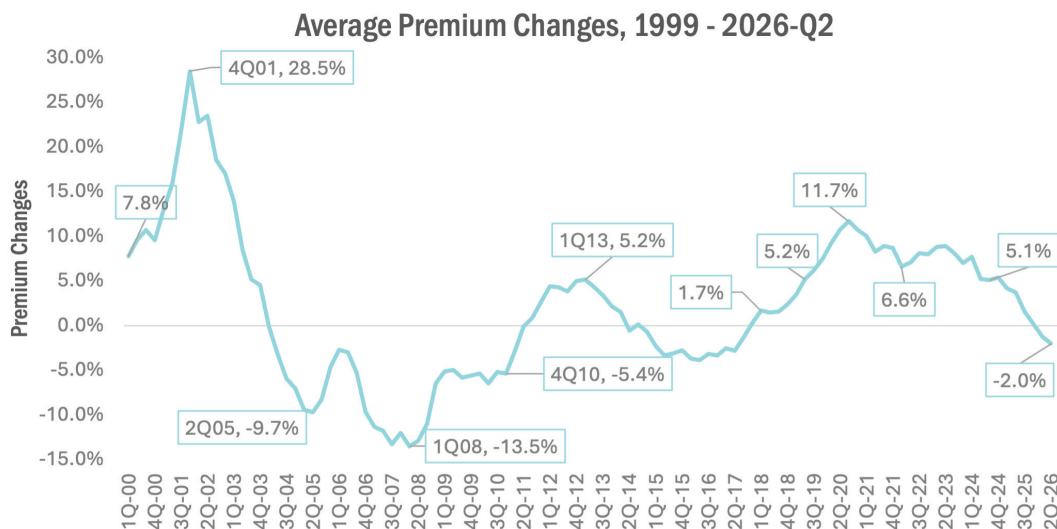
CONSECUTIVE QUARTERS
OF DECLINE
*(Following 32 straight quarters of
increases through 2025)*

117%

CUMULATIVE
COMMERCIAL AUTO
INCREASE SINCE 2011

Overall Market: Second Consecutive Quarterly Decline

The marketplace recorded 32 consecutive quarters of rate increases from 2018 through Q4 2025, followed by a -1.2% decline in Q1 2026. That softening continued into Q2 2026, with the index posting a further -2.0% overall reduction. Two consecutive quarterly declines strengthen the case that competitive market conditions are taking hold in 2026, though it's still early in the cycle.



In Q2 2026, large accounts saw the steepest reductions (-3.7%), while small accounts saw only a modest decrease (-0.5%) — medium accounts fell in between (-1.9%). In other words, the softening market is currently benefiting larger fleets more than small ones.

Renewal consideration:

A turning market does not guarantee relief for any individual fleet. Rates still depend on your own operation — your safety performance, claims history, driver hiring and training, and how well your renewal information is prepared. Insurers compete hardest for well-run fleets that are easy to evaluate, so strong operations and organized records put you in the best position to benefit as the market softens.

Average Commercial Pricing Increases

	By Account Size			AVERAGE
	SMALL	MEDIUM	LARGE	
Second Quarter 2026	-0.5%	-1.9%	-3.7%	-2.0%
First Quarter 2026	1.1%	-1.9%	-2.7%	-1.2%
Fourth Quarter 2025	2.8%	0.0%	-2.1%	0.2%
Third Quarter 2025	1.2%	1.9%	1.6%	1.6%
Second Quarter 2025	4.2%	4.0%	2.9%	3.7%
First Quarter 2025	3.6%	3.7%	5.3%	4.2%
Fourth Quarter 2024	3.6%	6.4%	6.3%	5.4%
Third Quarter 2024	4.4%	5.6%	5.3%	5.1%
Second Quarter 2024	5.0%	5.1%	5.4%	5.2%
First Quarter 2024	7.3%	8.5%	7.3%	7.7%
Fourth Quarter 2023	6.7%	8.2%	6.1%	7.0%
Third Quarter 2023	7.9%	8.9%	7.5%	8.1%
Second Quarter 2023	7.2%	9.8%	9.7%	8.9%
First Quarter 2023	6.2%	9.0%	11.4%	8.8%

Source: The Council of Insurance Agents & Brokers (2026 Q2 Market Report)

P&C Rate Trends Across 22 Quarters:

Across the major P&C lines, rate trends over the past 22 quarters reflect a market that experienced a prolonged period of increases and is now normalizing. Property increases were significant through 2023, tempered in late 2024, and turned to outright reductions in late 2025. Commercial Auto and Umbrella increases persist in 2026, though at meaningfully lower levels than in past years.

Line-by-Line 2021 Q1 - 2026 Q2 Rate Changes

	Comm'l Auto	Workers' Comp	Comm'l Property	Gen'l Liability	Umbrella
Second Quarter 2026	4.5%	-3.2%	-6.3%	1.8%	5.3%
First Quarter 2026	5.8%	-3.7%	-5.5%	2.6%	4.8%
Fourth Quarter 2025	6.6%	-2.4%	-0.7%	1.6%	4.7%
Third Quarter 2025	7.4%	-1.9%	-0.2%	2.8%	5.5%
Second Quarter 2025	8.8%	-1.8%	1.9%	3.9%	11.5%
First Quarter 2025	10.4%	-2.6%	2.9%	4.2%	9.5%
Fourth Quarter 2024	8.9%	-1.8%	6.0%	5.3%	8.7%
Third Quarter 2024	8.5%	-1.4%	7.9%	4.8%	8.6%
Second Quarter 2024	9.0%	-2.2%	8.9%	5.1%	7.2%
First Quarter 2024	9.8%	-1.8%	10.1%	4.1%	7.0%
Fourth Quarter 2023	7.3%	-1.8%	11.8%	3.8%	7.6%
Third Quarter 2023	8.8%	-2.0%	17.1%	4.2%	7.4%
Second Quarter 2023	10.4%	-0.7%	18.3%	5.2%	8.1%
First Quarter 2023	8.3%	-0.5%	20.4%	4.6%	8.5%
Fourth Quarter 2022	7.3%	-1.1%	16.0%	4.9%	9.6%
Third Quarter 2022	7.6%	-0.7%	11.2%	5.7%	11.3%
Second Quarter 2022	7.2%	-1.2%	8.3%	4.7%	11.3%
First Quarter 2022	5.9%	-5.0%	8.6%	3.9%	10.5%
Fourth Quarter 2021	8.0%	0.3%	10.5%	6.4%	15.0%
Third Quarter 2021	7.4%	-0.3%	10.3%	6.3%	16.9%
Second Quarter 2021	6.8%	0.3%	9.9%	6.0%	17.4%
First Quarter 2021	9.0%	1.0%	12.0%	6.2%	19.7%

Source: The Council of Insurance Agents & Brokers (2026 Q2 Market Report)

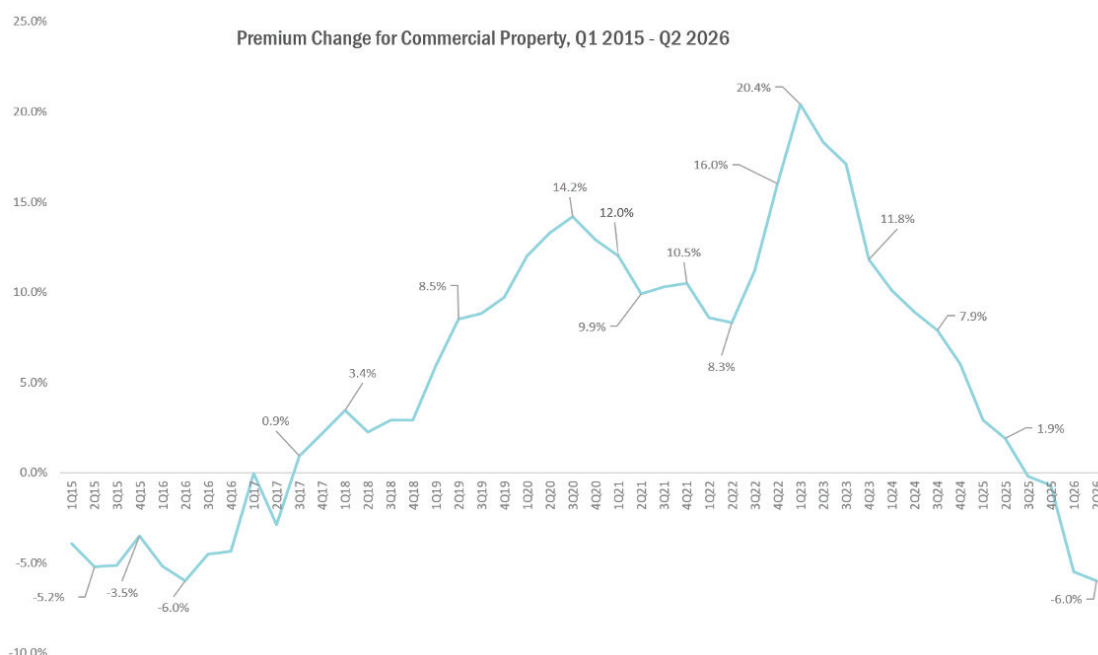
Property: Rates Continuing to Soften

Property rate increases accelerated in 2022/2023, following multiple years of poor industry loss ratios. That cycle has been correcting: rates tempered in 2024 and softened further in 2025 and 2026, with the Q2 2026 rate change at approximately -6%. Improving loss trends have returned carriers to profitability in Commercial Property, supporting the continued softening.

The market remains divided:

- London/E&S accounts hit hardest in the previous hard market are now seeing significant reductions — in many cases double-digit decreases.
- Standard market risks are seeing flat renewals to moderate reductions in the -5 to -10% range.

Outcomes vary by account; specific characteristics, loss history, and coverage structure all influence where an individual risk lands.



Catastrophe Losses: \$101B Projected in 2025, Down from 2024

Catastrophe loss severity improved in 2025, with projected losses of \$101B compared to 2024's projected \$180B+. Midwest convective storm losses remain a meaningful contributor. For context, 2024 recorded 27 separate \$1B+ events against a 1980–2024 annual average of 9 (CPI-adjusted), indicating that catastrophe activity remains elevated relative to long-term norms even in an improved year.

Wind/Hail: Carriers Applying 1–3% Percentage Deductibles

The frequency and severity of hail loss events continue to grow. In response, carriers are applying percentage-based wind/hail deductibles in the 1–3% of values (at time and place of loss) range, which can shift a meaningful portion of storm-related cost to the insured.

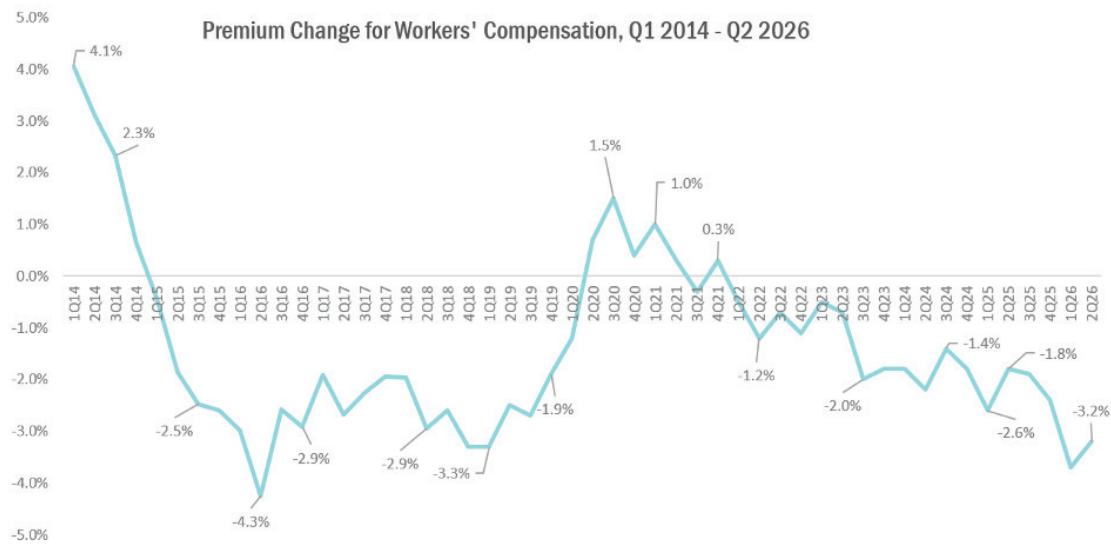
Workers' Compensation: Severity Improving, Medical Cost A Headwind

Workers' Compensation loss severity trends are improving, reflecting better safety practices and more effective claims management.

Two structural factors are tempering those gains:

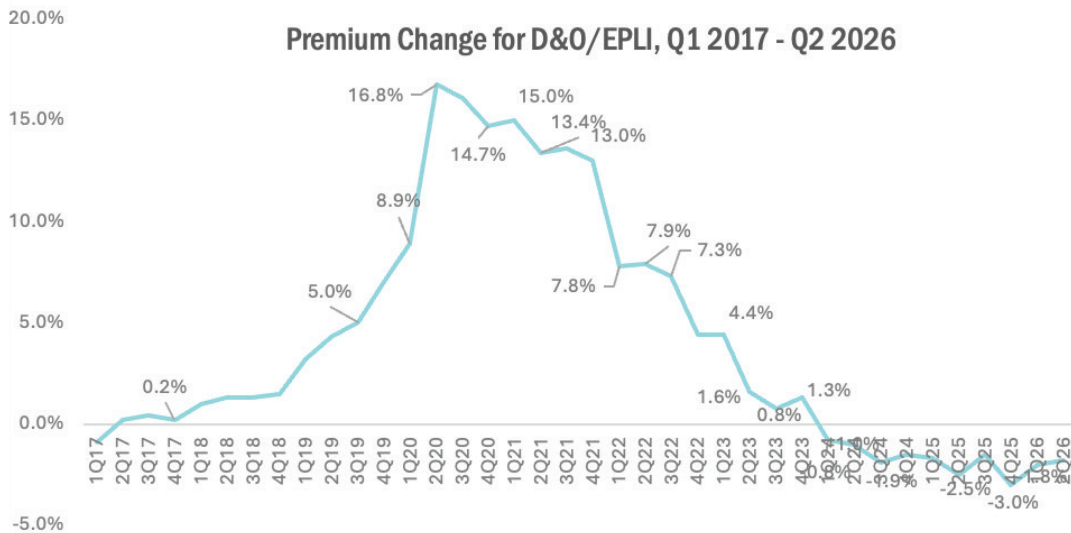
- Rising medical costs — the medical component of workers' compensation claims now exceeds 60% of total claim costs.
- Wage inflation — driving higher indemnity payments across the board.

These factors have not yet translated into significant rate pressure, but ongoing medical cost inflation is expected to apply upward pressure to rates over time.



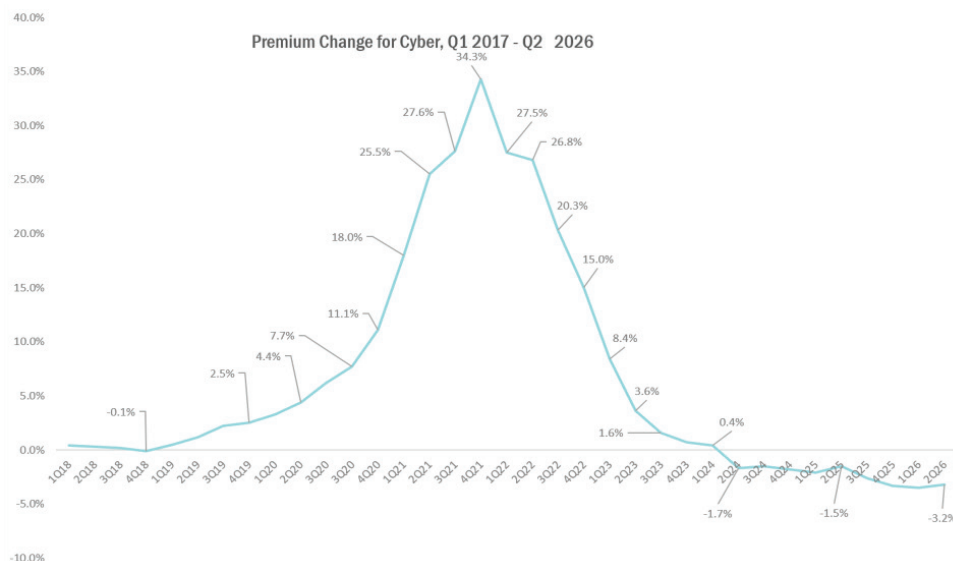
Directors & Officers / EPLI: Competitive Pricing Despite Elevated Claims

The Directors & Officers and EPLI market continues to face elevated claims frequency and severity, shaped by persistent wage-and-hour litigation and social inflation affecting claims costs and the broader litigation environment. Despite this, competitive market conditions persist and broad terms and conditions remain available.



Cyber: Pricing Stable, Underlying Claims Trends Still a Risk

Cyber insurance has reached a degree of pricing stability following years of significant increases, with ransomware the primary driver of claims activity. Insureds have responded with improved IT protocols, and the market has recognized those investments with more stable pricing. This stability may prove short-lived: underlying claims trends remain concerning, and a single large-scale event or shift in attacker tactics could re-harden the line.



Trucking-Specific Cyber Claims Examples

Large retailers receive most of the headlines, but small companies — including trucking operations — are actively targeted. Three recent trucking-risk claims:

- **Ransomware** — encryption locked company files and prevented system access for multiple days, resulting in a business income loss exceeding \$150,000.
- **Payment redirect** — a spoofed email mirroring the client's accounting department redirected a customer payment of over \$250,000 to a hacker. The customer refused to reissue.
- **Domain spoofing** — a look-alike domain generated fictitious emails that convinced a customer to send \$130,000 to a fraudster. The customer refused to reissue.

About Cottingham & Butler

Since 1887, our promise has been simple: Better Every Day. It's not just a slogan, it's a relentless drive to push boundaries, ignite innovation, and deliver superior results for our clients. We're not content with the status quo. We challenge conventional thinking, embrace fresh ideas, and constantly refine how we serve you. This unwavering commitment has fueled exceptional growth, propelling us to become the 3rd largest privately held brokerage in the country.

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The Cottingham & Butler Transportation team works in this market daily. Whether you're preparing for a renewal, evaluating current coverage, or developing a strategy to manage insurance costs, our team can provide guidance and customized solutions.



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