

How Commercial Insurers Can Turn Economic Volatility Into a Competitive Opportunity

Executive Summary

6.7%

rate surge across
commercial auto in
Q1 2025¹

Inflationary pressures, global tariffs, supply chain disruptions and evolving workforce dynamics have created a reactive and unpredictable commercial auto insurance market. Making it practically impossible for insurers to obtain profitability.

According to MarketScout, the U.S. commercial insurance market continues to experience steady rate increases across lines since 2017, with a reported 6.7% surge across commercial auto in Q1 2025.¹ While this can improve margins, it's not sustainable for insurers who aim to be profitable.

This white paper proposes a proactive, data-driven solution by showcasing how intuitive data can provide commercial auto insurers with insight into emerging risk factors across the entire policyholder lifecycle.

We conduct a deeper analysis of the challenges impacting the commercial auto insurance market and explore data-informed strategies that can help foster stability during economic uncertainty and beyond.

Key Takeaways

1. Economic instability is inflating repair costs and lengthening claims cycles
2. Data-enabled underwriting, telematics and proactive monitoring give insurers an edge in mitigating these impacts

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Introduction

\$5B

in commercial auto
underwriting losses
in 2023³

The economy is no stranger to disruption. From the double-digit (12.5%) inflation in 1980 to the Great Recession of 2008 and the COVID-19 pandemic², history has shown industry resiliency during periods of economic change. Yet, despite this resiliency, the lack of profitability plagues many, including the commercial auto insurance market.

Mounting pressure from claim severity, inflationary pressures and a fragile supply chain are reshaping the market in an era of volatility and uncertainty. In 2023 alone, AM Best reported a staggering \$5 billion in commercial auto underwriting losses³—a consistent theme of underperformance.

As the external shocks of economic uncertainty play a central role in this instability, insurers also deal with the growing legal risk of nuclear verdicts. These courtroom decisions of substantial jury awards have introduced another layer of unpredictability into claims management and loss reserves.

Nuclear verdicts, peaking at a median of \$23 million in 2023⁴, drive social inflation and put undue pressure on insurers to either raise policyholder premiums or exit unprofitable market segments altogether.

Meanwhile, economic downturns—whether due to recession, tariffs, regulatory shifts or market conditions—create continued exposure for commercial auto insurance companies. John Barbagallo, Special Advisor to SambaSafety, highlights the COVID-19 pandemic as an example, saying, “We went through a **shock to the system**, which created uncertainty around future loss costs, and it's led to really challenging results for insurance companies, which we're seeing now.”

Rapid shifts in miles driven or increases in severity will inhibit an insurer's ability to price risk accurately while simultaneously straining the loss adjustment process. Although historical loss and exposure data help insurers assess and quantify risk, these traditional methods of managing risk and underwriting during volatile times are no longer sufficient.

This white paper argues that data is the path forward for insurers to navigate economic volatility and remain competitive in an evolving digital landscape. When leveraged ethically and effectively, data empowers commercial auto insurers and their policyholders to detect risk patterns early, price accurately and manage operational exposures.

The paper will also discuss the recurring pain points of insurers and demonstrate how data-driven decisions can encourage stability across their book of business—from smarter underwriting to agile operational decisions—and foster resiliency now and in the future.

Problem

The ebb and flow of the economy has historically influenced the commercial auto insurance market. When the U.S. declared war in 1917, the importance of transporting food, freight and war supplies opened the door for the trucking industry to shape the future of U.S. roadways.

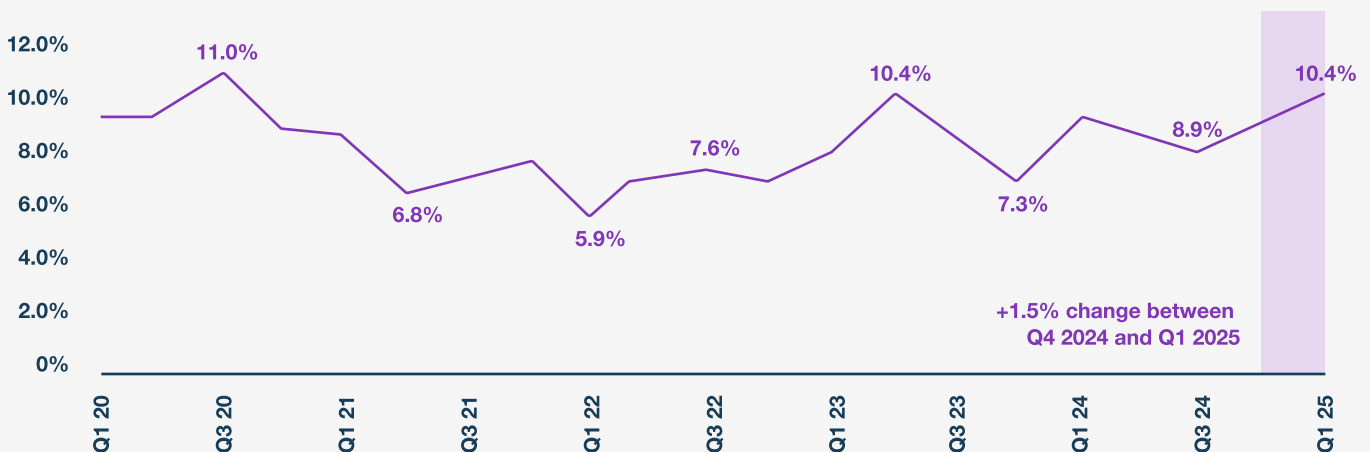
As a result, it served as a reminder that more sophisticated insurance products, like Liability insurance, would be necessary to address the new challenges related to transportation and commerce. Now, decades later, commercial auto insurers are contending with a convergence of economic and geopolitical challenges that are redefining the risk landscape, making pricing difficult.

In 2025, the Council of Insurance Agents & Brokers (CIAB) shared that market conditions make premium pricing a continued challenge, stating that **commercial auto premiums rose 10.4%** in Q1, a 1.5% increase from the last quarter of 2024.⁵

Failure to recognize these challenges is a misstep that can have consequences that threaten insurers' sustainability and ability to meet policyholder expectations. Adapting to market cycles—whether driven by economic factors or digital innovation—may be the necessary push for insurers to adapt for long-term sustainability that brings innovation and profitability to their business.

Premium Change for Commercial Auto (2020-2025)

Source: Council of Insurance Agents & Brokers (CIAB) Q1 2025 P/C Market Survey



Economic Headwinds Heighten Insurance Uncertainty

Trade tensions and tariff implementation are not abstract concepts. They are tangible and can quickly reshape the financial reality of consumers and insured business fleets. The inconsistency of these negotiations creates a ripple effect that destabilizes the transportation industry, the insured businesses within it and, ultimately, the insurers tasked to protect them.



Will add thousands of dollars to car prices and endanger the financial health of automakers and their suppliers.

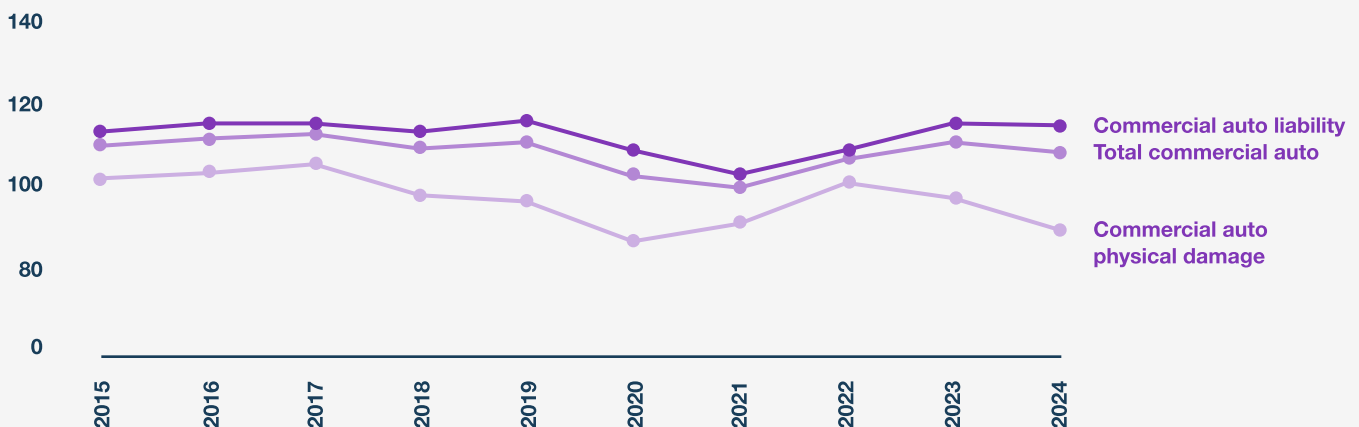
– *New York Times*

Consider the reality that automakers are facing. As of April 2025, an imposed 25% tariff on vital imported vehicles and parts⁶ is no longer hypothetical. Some industry analysts, according to the *New York Times*, warn that these imposed tariff policies “will add thousands of dollars to car prices and endanger the financial health of automakers and their suppliers.”⁷

These policies will raise vehicle prices and lead to a drastic increase in the cost of repairs and insurance premiums—breaking away from a recovering market of lower part and labor costs for fleets.⁸ In fact, S&P Global was forecasting a recovery period in 2025 for the medium and heavy-duty commercial vehicle (MHCV) sector.⁹ For commercial auto insurers, the tariffs on imported auto parts have a direct consequence: **inflated repair costs**. As a result, insurers will absorb the cost of repairs to fulfill claim obligations—obliterating their profitability margin.

U.S. P&C Industry’s Commercial Lines Net Combined Ratios (%)

Source: S&P Global Market Intelligence



S&P Global showed that in 2024, the combined ratio for commercial auto was 107.2%,¹⁰ emphasizing that insurers are paying more than \$1 for every dollar of premium, which may lead to consistent underwriting losses.

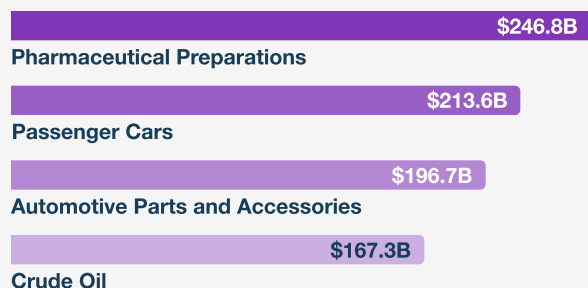
“In the short term, tariffs are going to raise costs. The cost of automobiles and trucks, the replacement parts, used vehicles...insurance companies that cover those assets are going to see an increase as a result.

The probability of a recession will likely lead to a reduction in frequency. People drive less; they don't pay for gas, and there's less congestion on the road. I can tell you—severity will go up. There's no way around the cost of fixing vehicles. It's going to get a lot more expensive.

Too many of the parts and vehicles themselves are now subject to significant tariffs. Insurers like stability, and they're getting the opposite right now. They're getting indications that will drive severity.”

Cars and Auto Parts Among Top U.S. Imports

Source: <https://www.trade.gov/>



The erratic nature of tariffs underscores the ripple effect of economic volatility on the insurance market and other trade areas (more on that later). The increased friction with global partners disrupts an otherwise reliable flow of essential auto parts and vehicles into the U.S.

However, market uncertainty and tariff policies threaten the import and export of goods necessary for MHCV transportation. For example, the Port of Los Angeles, combined with the Port of Long Beach, handles approximately 31% of all containerized international waterborne trade in the U.S., with auto parts being one of the largest imports into the country.

In May 2025, a month after the 25% tariff was imposed, National Public Radio (NPR) reported that the Port of LA announced a 35% dramatic decline in cargo compared to the same week in the previous year¹¹, signaling auto part shortages and raised prices.

This instability is worsened by the persistent scarcity of parts many commercial vehicles rely on for repairs. A lack of parts amplifies economic instability that can lead to extended repair cycle times, inflated claim expenses and growing payout concerns.

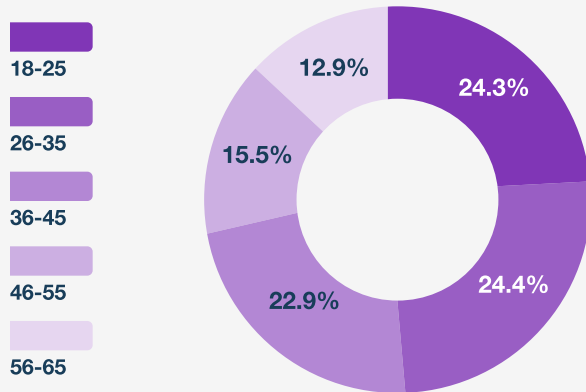
Compounding these economic pressures is the growing labor shortage across fleets and insurers themselves.

The Bureau of Labor Statistics projects a 5% decline in the number of claims professionals¹² in the insurance industry and a 4% decline in underwriters¹³, painting a grim picture in which the industry may roughly see 21.5K job vacancies every year in the next decade.

The growing talent shortage is exacerbated by the rise in severity of claims and the normalization of nuclear verdicts. As more veteran employees leave the workforce, the industry loses invaluable expertise, creating a series of challenges for claims. Unfortunately, existing systems and practices are not well-equipped to address this problem.

Proportion of Violations by Age Group (2023)

Source: SambaSafety Violation Analysis



With many industries reporting tight labor market conditions, commercial trucking is no exception. Driver retention is a hurdle many in the trucking industry are grappling with in 2025 and remains a top-five issue for motor carriers, according to the American Transportation Research Institute (ATRI).¹⁴ A growing age gap can lead to additional pressure on existing fleets and the potential for less experienced drivers on the road, directly exacerbating violation frequency and claim severity.

In **SambaSafety's 2025 Driver Risk Report**¹⁵, drivers 18 to 25 and 26 to 35 both held the largest share of violations at 24%, with speeding trending as a major violation across both age groups. The influx of unsafe driving behavior can often result in high-priced claims that lead to nuclear verdicts.

The regulatory volatility many commercial auto insurance companies must navigate adds a final layer of complexity. Shifting regulations around liability, the emergence of electric vehicles (EV), autonomous vehicle technology and evolving data privacy concerns require insurers to stay vigilant and flexible to change.

The stakes are clear: rising claim severity, volatile repair costs and a shrinking talent pool are squeezing profitability on every side. Traditional underwriting cycles that use point-in-time data pulls or reactive models cannot keep pace with overnight economic shocks.

So, where can insurers go from here? They should turn to the one asset that moves as fast as the risk: **data.**

A Solution Led by Data

82%

of commercial auto insurers in 2024 use telematics in their organizations¹⁶

A Note on Artificial Intelligence (AI):

For insurers utilizing data across their book of business, AI and machine learning can help drive efficiency by identifying patterns in massive data sets and empower internal teams, from claims to underwriting, to act effectively.

Traditional approaches to managing risk are no longer sustainable for commercial auto insurers to reach profitability. To scale and remain resilient through economic volatility and technological innovation, insurance companies must embrace modern tech solutions, particularly advanced data.

Data is now foundational for evolving with today's unpredictable insurance landscape. For example, telematics data can be essential for insurers to address risk. SambaSafety reports that 82% of commercial auto insurers in 2024 use telematics in their organizations.¹⁶

Scaling With Tech to Build Resilience

A reactive-to-proactive approach is now necessary for insurers to navigate uncertainty successfully. Insurers can harness real-time and historical data to extract meaningful insights. These data points may include:

- License class, endorsements and restrictions
- Driver status changes (suspension, revocation, expiration)
- Moving violations by type, severity and date
- Crash reports with fault indicator
- Telematics data (hard braking, miles driven, route, speeding)

Data like this can help underwriters validate active drivers, vehicle counts and areas of operation. It also allows insurers to implement proactive risk management practices and promote a culture of safety across their organization.

As nuclear verdicts, social inflation, fleet EV adoption and repair complexity shape the industry, data is the key to insuring smarter, not harder. With economic pressures mounting, adaptability is essential to retain policyholders and drive profitability.

Staying Flexible

Insurers need to remain flexible to successfully navigate economic uncertainty. While rates are highly regulated, underwriting discretion allows insurers to build tiered programs into their book of business.

With access to complementary data sources, insurers can benefit from leading indicators and act quickly as risk shifts during the policy cycle. This adaptability creates a competitive advantage over other commercial auto insurers with outdated systems and processes.

Adapting to a World of Connectivity

Today, there's more valuable data available than what insurers currently use. Commercial auto insurance companies can leverage data and update their capabilities to ingest millions of data points that can deliver actionable insights such as:

- Better cost estimates
- Accurate pricing models
- Improved risk segmentation
- Targeted risk consulting

During times of economic volatility, data can identify early indicators that will confidently tell insurers that they'll see an inflection point in frequency, severity or market pricing.

The Power of Data-Driven Risk Management

Data is an asset that can transform an insurer's operational success. When leveraged ethically and effectively, a data-centric approach to risk management offers several advantages to commercial auto insurers, such as the ability to:

1. Dynamically Score Risk

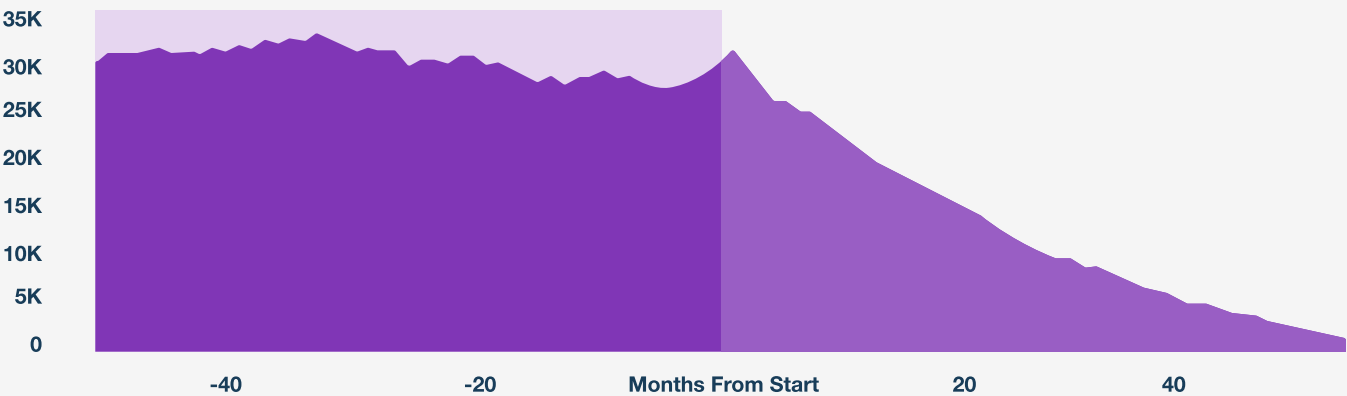
Without the proper guardrails and information in place, commercial auto insurers can often be left overexposed to economic uncertainty. Risk scoring—driven by data from various sources, be it telematics that highlights driver behavior or public court records—offers insurers a **360-degree view of risk**. This level of risk scoring and segmentation can help improve modeling and future business outcomes.

For example, a fleet operating during economic strain may forgo maintenance or put undue pressure on drivers—all behaviors that could correlate with a higher loss potential. Risk scoring may help insurers detect these subtle shifts before claims materialize.

A complete view of risk can also help Loss Control provide solutions, like driver monitoring and training, to policyholders who require intervention strategies to lower their risk. SambaSafety reports that this holistic view of risk, leveraged by Loss Control teams, can improve violation outcomes by an average of 77%.

Violations Before and After Monitoring Begins

Source: 2024 SambaSafety Efficacy Study



By analyzing historical data, telematics and macroeconomic indications, insurers can move beyond traditional or lagging indicators and develop models that anticipate risk.

2. Improve Underwriting Accuracy

Traditional underwriting models have proven insufficient during economic volatility. Rising repair costs, supply chain disruptions and labor shortages have made risk more dynamic and difficult to price accurately.

Relying on outdated data or assumptions can hurt commercial auto insurers and their underwriting teams, creating underpriced policies and heightened exposure. Accurate underwriting, powered by data, can help underwriters adapt pricing models that are in step with economic shifts and help preserve profitability margins.



Data can improve an insurer's existing capabilities and increase their speed to market. There's a huge opportunity with this continuous data flow that can capture inflection points in loss trends and changes in risk composition, all of which will help during times of uncertainty and volatility.

– John Barbagallo, Special Advisor to SambaSafety

The granular data from telematics, dashcams, court records and motor vehicle records (MVRs) provides underwriters the tools to distinguish risk more closely through segmentation. A continuous flow of data enables teams to recalibrate risk assumptions on a more frequent basis along the entire policyholder lifecycle.

SambaSafety's driver risk management solution for insurers can bring in new data sources and better data than what insurers currently use, providing a complete picture of risk to insurers and enabling them to move forward.

Conclusion

55th

consecutive quarter of
premium increases

No longer an anomaly, economic volatility serves as a reminder that this environment is an ongoing reality that insurers must adapt to now and in the future. Inflationary pressures, supply chain disruptions and evolving labor markets have highlighted how vulnerable traditional risk models can be.

At the beginning of 2025, the CIAB survey showed that commercial auto experienced the 55th consecutive quarter of premium increases. In the previous quarter, the same survey found that 50% of respondents had a rise in claims, with 41% reporting a decrease in underwriting capacity.¹⁷

The data highlights the challenges that many insurers and their underwriters are experiencing—clear signals that can indicate stress to legacy operations and systems.

In this context, the commercial auto insurance market, whether during economic instability or not, must recognize that advanced data and technology are no longer a "nice-to-have." It's necessary to change the status quo and compete successfully.

The tech largely available to insurance companies today allows teams to adjust faster, optimize claim outcomes and deliver accurate pricing models.

Today, the industry no longer has the luxury to "wait and see" when profitability margins are eroding, and other agile competitors are gaining market share. In a market defined by constant disruption and innovation, economic volatility serves as a reminder that adaptability is profitability.

The call to action is clear.



How SambaSafety Helps

SambaSafety delivers comprehensive solutions for insurers to assess, price and reduce driver-related risk accurately. Trusted by more than 15,000 organizations—including many Fortune 500 companies—our mission is to leverage SambaSafety’s 3,000+ integrated data sources to deliver insights that can help protect businesses and communities from growing driver and mobility-related risks.

Explore Our Solutions



Data Solutions

Learn how leading insurers improve outcomes within their auto portfolios with the most comprehensive view of policyholder risk.

[LEARN MORE](#)



Telematics Aggregation

Discover how normalized, contextualized data feeds from over 100 telematics providers unlock deeper insights and power usage-based insurance products.

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Policyholder Solutions

Provide turnkey MVR, CSA and Telematics monitoring, plus integrated, behavior-based training, to reduce violations and claims across every driver, vehicle and risk type.

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Portfolio Insights

Access all relevant data sources for monitored policyholders with intuitive dashboards and benchmarks for proactive Loss Control.

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Make Data Your Competitive Edge.

[SEE HOW IT WORKS](#)

Resources

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