

# DISRUPTIONS: THE NEW NORMAL

In 2024, the freight market is poised to establish a "new normal" after enduring three years of pandemic-related and external disruptions.

## KEY DEVELOPMENTS

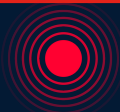
- Restocking of inventory
- Potential lower interest rate = capital access
- Stable consumer demand

## THE REALITY TODAY:

- Increased insurance premium in trucking
- Steady low spot rates
- Lack of freight density

## CAPACITY CONTINUES TO SHRINK

In spite of pundit's rosy outlooks into 2024, headlines continue to rock the industry:



**88,000 CARRIERS FACED THE TOUGH DECISION TO CLOSE OPERATIONS**

"A steep net loss of carriers from 2022-23, a trend not seen in the past 25 years." <sup>1</sup>



**THIRD-PARTY INSURANCE BUSINESS SINKS TOP 7 FOR-HIRE CARRIER IN Q4**

"The main reason for the loss was the poor performance of the third-party insurance business, which lost \$45 million in the quarter." <sup>2</sup>



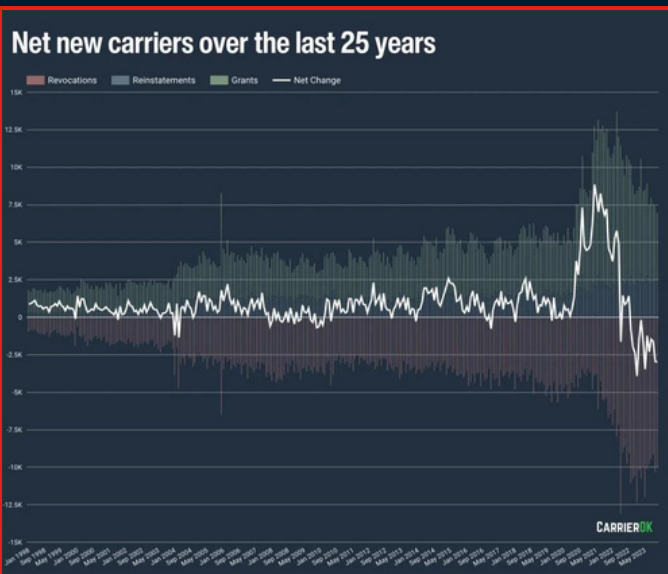
**THE IMPACT OF RISING INSURANCE COST ON THE TRUCKING INDUSTRY**

"... insurance premium costs per mile increased overall by 47% over the last ten years." <sup>3</sup>



**TOP 3 FOR-HIRE CARRIER SEES 9% DROP IN REVENUE DURING 2023**

"... operating income declined from the prior year period primarily due to yield pressure ... higher equipment-related costs and increased insurance and claims expense." <sup>4</sup>



Sources: (1) Adrianna Pulley, Freight Caviar, "CarrierOK: 88,000 Trucking Closures in 2023." 15 December 2023. (2) Todd Maiden, FreightWaves: "Third-party insurance business sinks Knight-Swift's Q4." 24 January 2024. (3) Alex Leslie Ph.D., et. al. ATRI: "The Impact of Rising Insurance Costs on the Trucking Industry." February 2022. (4) Erica N. Guy, The Trucker: "JB Hunt sees 9% drop in revenue during 2023." 6 February 2024.

**SMALL TRUCKING FLEETS HIT HARDEST  
BY RISING INSURANCE COSTS**



Escalating insurance costs attributed to rising incurred losses for commercial vehicle insurers and increasing litigation, including "nuclear verdicts" and small verdicts/settlements.

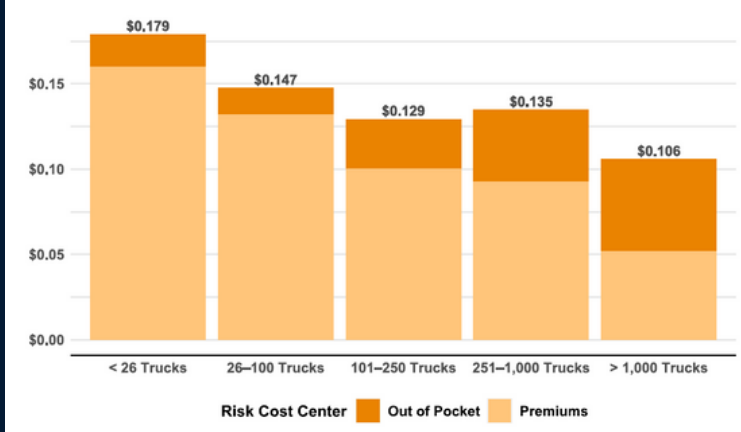


Some insurers are leaving the market, while others are reducing coverage limits due to these rising costs.



Rising costs burden trucking companies, especially smaller fleets (96% with 10 or fewer trucks), forcing carriers to cut wages or investments in equipment/technology. Potential future safety and driver shortage concerns are exacerbated by these cost-cutting measures. <sup>5</sup>

Figure 13: Auto Liability Insurance Premium and Out-of-Pocket Costs per Mile by Fleet Size



5

**FEWER TRUCKS AND DRIVERS TO HANDLE MORE LOADS**

"When the current freight market cycle ends and the next one begins, one thing is for sure: We'll need more drivers and trucks. After the amount of for-hire carriers doubled between mid-2020 and the end of 2021, the industry has witnessed a slow exodus of carriers since. When the market turns, there'll be fewer trucks and drivers to handle more loads; the big question is when in 2024 this will occur." <sup>6</sup>

- Dean Croke, Principal Analyst, DAT Freight and Analytics

Sources: (5) Alex Leslie Ph.D., et. al. ATRI: "An Analysis of the Operational Costs of Trucking: 2023 Update." June 2023. "The Impact of Rising Insurance Costs on the Trucking Industry." February 2022. (6) Dean Croke. DAT Freight & Analytics: "Dry Van Report: More drivers needed in 2024," 16 January 2024.

**WILL YOUR CARRIER BE HERE THIS YEAR AND THE NEXT?**



How does your carrier qualify and coach drivers? What key indicators should you look for? More tips to help you ensure your carrier will be committed to you this year and in years to come.

**TAKE CONTROL OF YOUR SUPPLY CHAIN**

As the transportation landscape continues to evolve, Paper Transport is here to provide stability, consistency, and dependable service to our valued customers. Find out how you can take advantage of PTI's dedicated fleet backhaul capacity, Midwest power zone network, trailer pooling, and 3rd party carrier network.



920-617-5809



solutions@papertransport.com



1250 Mid Valley Drive, De Pere, WI, 54115



www.papertransport.com

