

Securing Favorable Terms on **Unbundled Business Auto Coverage**

For years, business auto coverage was quietly bundled into large commercial insurance packages where general liability, property and workers' compensation took center stage. As loss ratios have worsened, however, insurers are rethinking this model, unbundling auto insurance from packages and pushing it into the specialty market.

The shift is reshaping how transportation underwriters view business auto risk and raising the stakes for insureds seeking competitive monoline quotes – leading to widespread non-renewals of just the auto portion of packaged policies.

Retail carriers are forcing insureds, particularly those with mixed fleets or specialty exposures, into the wholesale channel. The result is an influx of submissions and a scramble for capacity in the specialty market.



Hired and non-owned: No longer an afterthought

One of the biggest changes involves hired and non-owned auto (HNOA). Historically, HNOA was automatically included in standard market packages. In the specialty space, it now faces intense scrutiny.

Carriers require specific applications, profit and loss statements and full details on exposures. They want to know exactly what they're picking up, and they'll price it accordingly.

Underwriters now rate HNOA closer to owned vehicles, narrowing coverage and raising premiums. That means insureds must be prepared to provide more detail and expect that costs will rise.

Business auto vs. transportation for hire: A different calculus

Another nuance is the difference between business auto and for-hire trucking. While trucking operations are subject to federal filings and extensive reporting, business auto is more diffuse.

Business is a broad segment and can cover everything from construction contractors to propane distributors to school buses. There are countless subcategories, and each comes with its own underwriting considerations.

With trucking, it's straightforward. However, with business auto, the variations are endless, and the exposures don't fit neatly into trucking markets or light commercial markets. That's why so many of these risks are migrating to the E&S market.

Public auto is an area drawing scrutiny. Passenger transport, especially buses, requires high liability limits, often up to \$5M.

Positioning clients for a competitive quote

In a market where business auto is being carved out and underwritten independently, preparation is critical.

Safety and transparency are becoming key differentiators. Underwriters are increasingly requiring firms to present telematics data even before the quoting stage, including driving behavior, mileage and safety investments.

Many insureds moving from the standard to the E&S market often face sticker shock. Premium increases can significantly double or triple while offering narrower coverage. But the accounts that invest in safety consultants, that can show they've tightened up operations, will stair-step back to better terms much faster.

A new reality for business auto

For now, the unbundling of business auto from packages looks set to continue. With claims severity and frequency still weighing on loss ratios, carriers show little appetite to return.

While the transition can be challenging, it also presents an opportunity. Insureds that invest in safety, refine their operations and adapt to evolving underwriting expectations can ultimately build stronger risk profiles and more sustainable insurance programs.

In this hard market, wholesalers play a crucial role in bridging the gap between insureds and specialty markets. Aside from market access, Amwins also brings additional resources, including a claims advocacy team that can step in and fight tough claims on behalf of insureds.

Insights provided by:

- Joe Krieg, Assistant Vice President with Amwins Brokerage
- Evan Taylor, Senior Vice President with Amwins National Transportation Underwriters

CONTACT

To learn more about how Amwins can help you place coverage for your clients, reach out to your local Amwins broker.

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