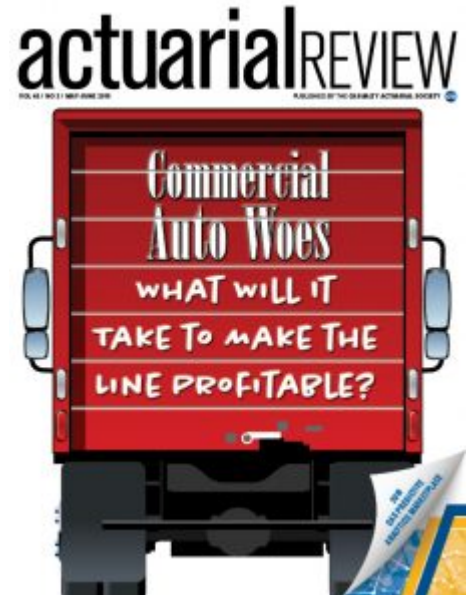


Commercial Auto Unprofitability Not All That It Seems



Why the commercial auto line is a mess

Commercial auto insurance is an unprofitable mess. It's putting some companies out of business. Among the other commercial lines, commercial auto sticks out like a sore thumb. Unprofitable for eight years, the line is making life difficult for insurance agents, brokers and their clients.

My article, "[Commerical Auto Woes](#)", takes an in-depth and rare look into what is *really* going on with commercial auto insurance. I went beyond the standard explanation that premiums are higher due to rising costs. Actually, that is a small piece of the story.

Why is the line in crisis? The article gets into much greater detail, but here are two hints: market changes and technological innovation. And of course, an unprofitable line does not mean that all insurers are suffering. Some are doing quite well, thank you very much.

Improving Commercial Auto

Upon completing the article, it became clear to me that there are several areas to improve. Insurers and the companies they cover need to get religion on workplace safety. That happened 25 years ago in workers' compensation and it put the line on a more solid foundation.

Further, there is a lot more to study about work-related transportation. Traffic, personal auto insurance and workers' compensation studies offer limited application commercial auto insurance. There are other factors involved in commercial auto that range from vehicle size to the impact of federal regulations and employee training.

[I went beyond the standard explanation](#)

that premiums are higher due to rising costs.

Meaningful granular data is tough to come by, which makes it especially challenging to evaluate the health of an insurance line. For insurers that cover a variety of risks, including trucks, it can be tough to go granular. To better compete, carriers need to know more.

Marijuana Industry Insurance Options Grow, But Practical and Moral Issues Remain

The marijuana industry is attracting more attention from business insurance agents and brokers. As I explain in my Leader's Edge article, [Budding Business](#), the burgeoning legal pot industry is calling for more insurance options.

However, insurance companies selling business insurance are not exactly jumping at the chance to offer the full array of coverages enjoyed by other industries. Excess and surplus carriers, which thrive in high-risk insurance markets, are providing coverage to an extent. However, admitted insurers, which are subject to state regulation, are not jumping at the opportunity.

My article digs into the marijuana industry's growing pains, the coverage gaps it is facing and some of the reasons why. Experts point to federal laws and regulations causing difficulty for financial institutions, including insurance companies. However, covering marijuana remains quite risky and unpredictable. The liability considerations alone are enough to discourage insurers. Think Big Tobacco and play it forward.

Think Big Tobacco and play it forward.

Speaking of the effects of tobacco on society, there are also insurance executives who see the moral and ethical implications of supporting a substance with a checkered past that marijuana legalization does not address. And despite the general media's general positive coverage of pot, it remains as harmful as it always was.

Thankfully, you will find balanced reporting in both my Leader's Edge and [Actuarial Review](#) articles about marijuana. Both of which are published by insurance industry associations willing to support thoughtful journalism.

A read of both articles shows that in the property & casualty insurance arena, different types of insurance are at odds with each other. Business insurance, which covers the marijuana industry, collides with personal and commercial auto coverage, which pay for the accidents caused by the drug. Workers' comp insurers face covering injuries from both the production and the use of pot at

the workplace.

My hope is that this article will be shared with a wider audience. In my view, marijuana should be treated with respect as any other drug. That means regulating it through the U.S. Food and Drug Administration. This would also ensure greater research and product dosage consistency. While the FDA is imperfect, it is better than treating a drug known to cause impairment as an herbal supplement.