

## The Impacts of COVID-19 on the Trucking Industry

In 2020, the coronavirus pandemic dominated headlines around the world. COVID-19 affected all areas of commerce, including the transportation industry. Ever-shifting consumer demands, coupled with significant challenges associated in supply chains and driver personnel, presented unforeseen risks to trucking operations. As a fundamental part of risk management, commercial transportation insurance helps to ease some of the financial impacts truckers face in the wake of COVID-19. Industry analysts suggest that the impacts of the pandemic on the trucking industry may continue to influence this critical commerce sector long into the future. Here's how.

### Consumer Demands and Supply Chain Interruptions: Symptoms of the Pandemic

Consumer demands shifted dramatically as a result of the pandemic. Certain essential commodities, including disinfectant products, medical supplies, and groceries, experienced wild swings in demand; personal protective equipment like masks and gloves were also eagerly sought out by consumers. Manufacturers and producers are sometimes unable to keep up with those demands, and that weakness in the supply chain directly affected the transportation industry. Initially faced with too many truckers and not enough cargo, shipping rates plummeted. The "spot market," which covers approximately 20% of the commercial freight-hauling industry in the United States, experienced an upheaval. The spot market is a system by which cargo is paired with available trucking operations; when cargo loads exceed available transportation options, shipping rates rise. With breaks in the supply chain caused by uneven consumer demands and failures in production, trucking companies saw a significant decline in rates, ultimately affecting their business continuity.

### Infections in the Trucking Workforce

As the COVID-19 pandemic continued to spread across the country, a new risk exposure to the transportation industry was revealed: illnesses among truckers. COVID's profound health effects grounded thousands of truckers, keeping them from contributing to the flow of consumer goods. In the early part of the pandemic, there were more truckers than available cargo loads. Increasing infection rates in most states took their toll on the transportation sector, and in some cases resulted in halting of trucking operations.

Regulators took note of the looming shortages in the trucking workforce, and made provisions to ease restrictions in an effort to get more truckers onto America's roadways. One agency, the Federal Motor Carrier Safety Administration, waived certain licensing regulations for a three-month period, allowing those with a commercial learner's permit to take to the road and reducing the staffing shortages faced by so many trucking operations.

### Long-Range Effects on Trucking Operations

Not all effects of the coronavirus on the American transportation industry are negative. Some have had positive effects, and will influence trucking operations for years to come. One of the leading effects that has emerged in the pandemic has been that of widespread adoption of technology solutions to reduce physical contact between stakeholders. So-called "contactless" and paperless technologies like electronic bills of lading, payments, and virtual communications between trucking salespeople and vendors/manufacturers have served to protect truckers and end users from the potential spread of infection. They also help to streamline operations, reducing paperwork-related issues.

Trucking office management has also benefited from remote-work technologies such as video conferencing and virtual communications systems. Managers forced to work from home during the pandemic can easily remain in contact with vendors, employees, and contractors. Remote working has been shown to improve the work/life balance as well, and analysts from numerous industries suggest this solution will have long-ranging benefits far after the COVID-19 pandemic is past.

New driver onboarding procedures have seen significant changes due to the health risks associated with the coronavirus. Portions of new driver orientation operations have been moved to an online environment, reducing the costs associated with in-person orientation. Orientation sessions are streamlined as well, being able to be completed in less time and with less overhead. Still, there are certain advantages to in-person interaction, and many transportation industry companies are creating hybridized orientations with both virtual and in-person components.

## Summary

It is expected that many of the changes being experienced in the trucking sector will remain long after the pandemic, as in addition to the health-protective benefits of adopting technologies and revamping procedures, the cost benefits far outweigh any potential drawbacks. These changes will drive down the costs associated with commercial transportation insurance claims and are a valid part of the post-pandemic risk management model. COVID-19 has been difficult for many in the transportation industry, but has served as a learning and growing experience for many forward-facing trucking firms.

## Sources

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