



Gallagher

How Transportation Firms Are Managing Supply Chain Risk



Authors:

Chris Demetroulis, Managing Director, Transportation

Andy Engardio, Managing Director, Transportation

Christina Reiz, Executive Director, Transportation



Key insights:

- Transportation firms are doing more than most sectors to adapt to supply chain disruption. Yet in 2025, 81% suffered supply chain losses, and of those with significant losses, only 29% were fully covered.
- The strategies firms are using to build resilience — stockpiling, rerouting and nearshoring — are generating new exposures that their current coverage was never designed to address.
- Geopolitics, tariff uncertainty and human capital challenges are the risks firms feel least equipped to mitigate.
- A third of transportation firms say their insurers don't understand their supply chain operations, a disconnect that points to a fundamentally different kind of risk partnership.

Transportation firms have spent recent years investing heavily in the technology, strategies and relationships needed to keep supply chains moving. As a result, the sector is among the most technologically advanced and confident of any surveyed. Yet the data on what happens when its supply chains fail tells a different story.

[Gallagher's Supply Chain Risk Research](#) surveyed 331 transportation leaders globally, as the sector navigated geopolitical tensions, tariff uncertainty and the disruption of established trade routes. The research, conducted in November 2025, examines why the protection gap is widening even as resilience strategies deepen.

A sector on the move

Most leaders are looking ahead with confidence — 63% expect supply chain conditions to improve over the next five years, 90% say they have robust risk management frameworks in place and three in four have already moved away from purely reactive strategies. “Clients have been investing heavily in infrastructure and technology to streamline their operations, and it’s paying off. Over the last five years, especially since COVID-19, there’s been significant growth and increased investment in the transportation sector,” says Andy Engardio, managing director, Transportation, Gallagher. “I can definitely see where the optimism is coming from.”

In practice, that means operators deploying AI to analyze global weather patterns, forecast demand, track shipments in real time and reroute cargo away from high-risk areas before disruptions occur. Domestically, GPS-enabled routing systems and real-time corridor analysis are reducing exposure to low-severity accidents that, in today’s litigation environment, can escalate into nuclear verdicts.

Current protection strategies used to mitigate supply chain risks

26%

Reactive production strategy:
Our plan is to react quickly to supply chain risks as they emerge rather than pre-empt what they will be

35%

A mix of proactive and reactive protection strategies

37%

Proactive protection strategy:
We have a structured plan based on what we think our biggest supply chain risks are

Source: “Redrawing Global Supply Chains Survey,” *Gallagher*.

The sector has built real operational reflexes. When tariffs first became a serious concern in early 2025, the firms that responded fastest were those that had already done the groundwork — reviewing contracts, assessing warehouse capacity and ensuring compliance before the pressure mounted.

“Despite there being some apprehension about where the financial markets may head next, we’re still seeing businesses buying equipment and new vehicles and gradually taking a more realistic view on how to capitalize on uncertainty,” says Chris Demetroulis, managing director, Transportation, Gallagher.

The issue isn’t whether transportation firms are adapting. It’s whether the coverage they carry is adapting with them.



Risks that resist control

What makes the transportation risk landscape so difficult to manage isn't the number of threats but their nature. Geopolitical instability, tariff volatility and the disruption of major trade routes are forces that sit outside any single firm's control. Transportation doesn't face a single dominant threat; it faces several at once, each pulling operations in a different direction.

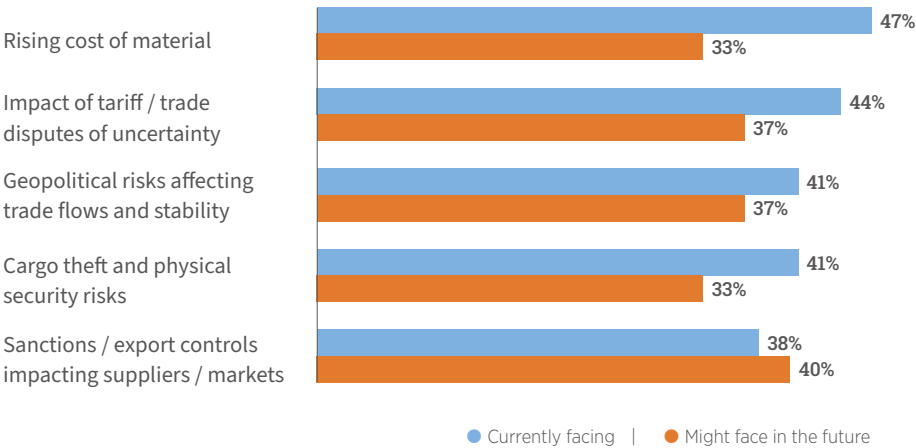
Rising material costs are a concern for 47% of firms. Tariffs and trade uncertainty affect 44%. Geopolitical disruption and cargo theft each sit at 41%. Looking ahead, cyberthreats, human capital shortages and inadequate infrastructure are all expected to intensify further.

More than half of survey respondents acknowledge that the complexity of their supply chains makes it hard to identify weaknesses before disruptions occur and harder still to anticipate where the next pressure will come from.

"The focus has shifted to more immediate concerns," says Christina Reiz, executive director, Transportation, Gallagher. "Figuring out how to move goods through areas facing significant geopolitical challenges has taken priority. Issues that felt pressing two years ago now feel less critical."

That disruption has consequences beyond delays and cost. Cargo theft has shifted in character; sophisticated networks now use fraudulent digital identities and cyberattacks to intercept shipments before they move.

Supply chain risks businesses are facing now and might face in the future



Source: "Redrawing Global Supply Chains Survey," Gallagher.

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You can invest in the best technology, follow every protocol, train every team and still find yourself unable to stop the kind of cargo theft we are seeing today. These are highly organized operations.”

Christina Reiz
Executive Director, Transportation, Gallagher



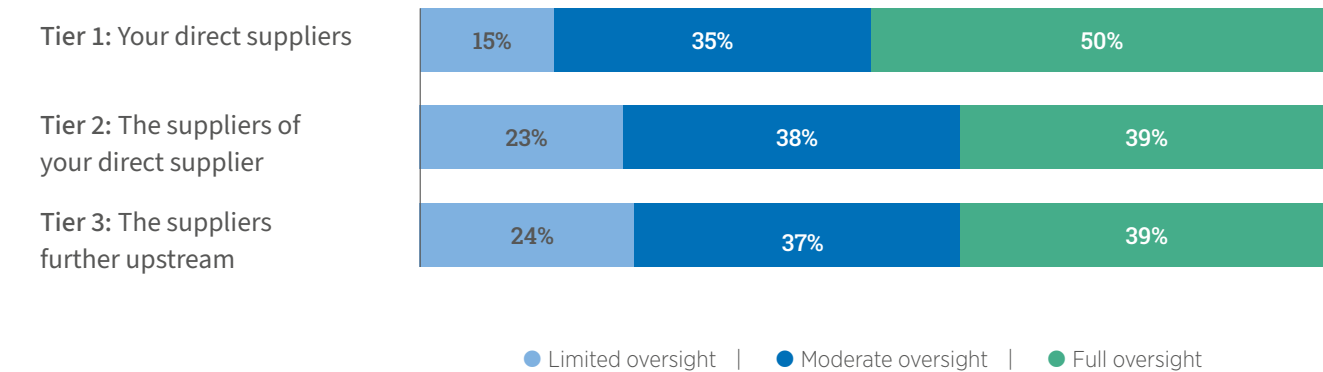
When geopolitical events force goods off established routes, the alternatives are rarely straightforward. A global freight forwarder rerouting shipment away from the Red Sea faces a choice between a faster route where coverage may not respond in the event of a loss, and a longer route that is properly insured but significantly more expensive. The decision has insurance implications that may not be apparent until a claim is filed.

Supplier visibility compounds the problem. At the direct supplier level, 15% of transportation firms report limited oversight, rising to 23% and 24% at tiers 2 and 3, respectively. For a freight forwarder that has taken on legal liability for a shipment, that blind spot is an insurance issue.

A carrier hired at tier 1 subcontracts the final leg to an operator the forwarder has never heard of, who holds the goods overnight at a depot not listed on the forwarder's policy. Theft occurs. The forwarder is liable for the goods. The policy doesn't respond.



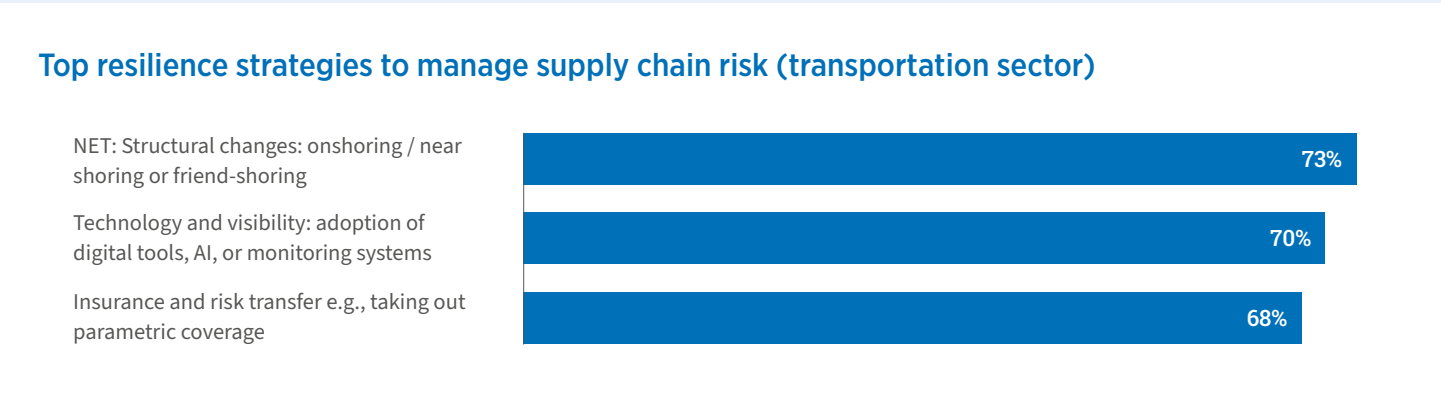
Supplier oversight by tier within transportation supply chains



Source: "Redrawing Global Supply Chains Survey," Gallagher.

The limits of resilience

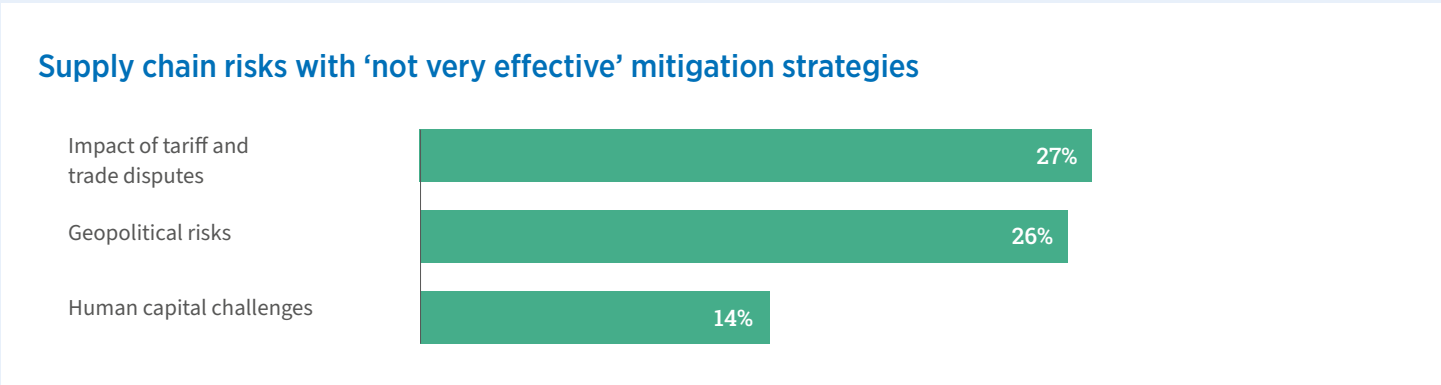
Faced with risks they can't eliminate, transportation firms are doing what they can. Nearshoring and onshoring are the top responses, cited by 73% of firms. Technology and visibility tools follow at 70%. Insurance and risk transfer sit at 68%.



Source: “Redrawing Global Supply Chains Survey,” *Gallagher*.

The tariff environment has accelerated one strategy in particular. 91% of firms are stockpiling or considering it. “It’s not just about having goods on hand. It’s about confidence,” says Andy Engardio. “Shippers are essentially telling their customers: we know you depend on us, we have planned ahead and we won’t let your operations stop because of something outside our control. That message matters as much as the stock itself.”

Here’s the challenge: the strategies firms are doubling down on working best against the risks they already feel equipped to handle. 27% of firms say their strategies aren’t very effective against tariff risk. The figure for geopolitical exposure is 26%. Firms are building inventory to respond to uncertainty they can’t resolve.



Source: “Redrawing Global Supply Chains Survey,” *Gallagher*.

“The truly advanced managers of risk within their businesses are focusing on enterprise risk management and business continuity planning. The key is figuring out how to integrate these strategies to foresee what is happening and create a plan to capitalize on opportunities that others are failing to execute on quickly,” says Chris Demetroulis.

That kind of strategic integration is the aspiration. The reality for many firms is that they’re investing heavily in approaches that address the edges of their risk profile, while the structural center — the forces nobody can directly control — remains largely unaddressed.

In their own words: What supply chain leaders are doing to manage disruption

“We have established long-term cooperative relationships with key suppliers to ensure the stability of supply sources and transportation capacity.” United States

“Using digital tracking and just-in-time inventory increases productivity and decreases waste.” United Kingdom

“We have successfully mitigated some risks by establishing closer supplier relationships and diversifying supply channels.” Australia

“We are effectively stockpiling inventory, diversifying suppliers, using alternative routes and building strong partnerships to manage supply chain risks efficiently.” Canada

“The best decision we made was to establish a multi-source supplier system, which allows us to switch suppliers quickly at any time.” Brazil

“The implementation of a robust Transportation Management System has optimized our selection of carriers and routes.” Mexico



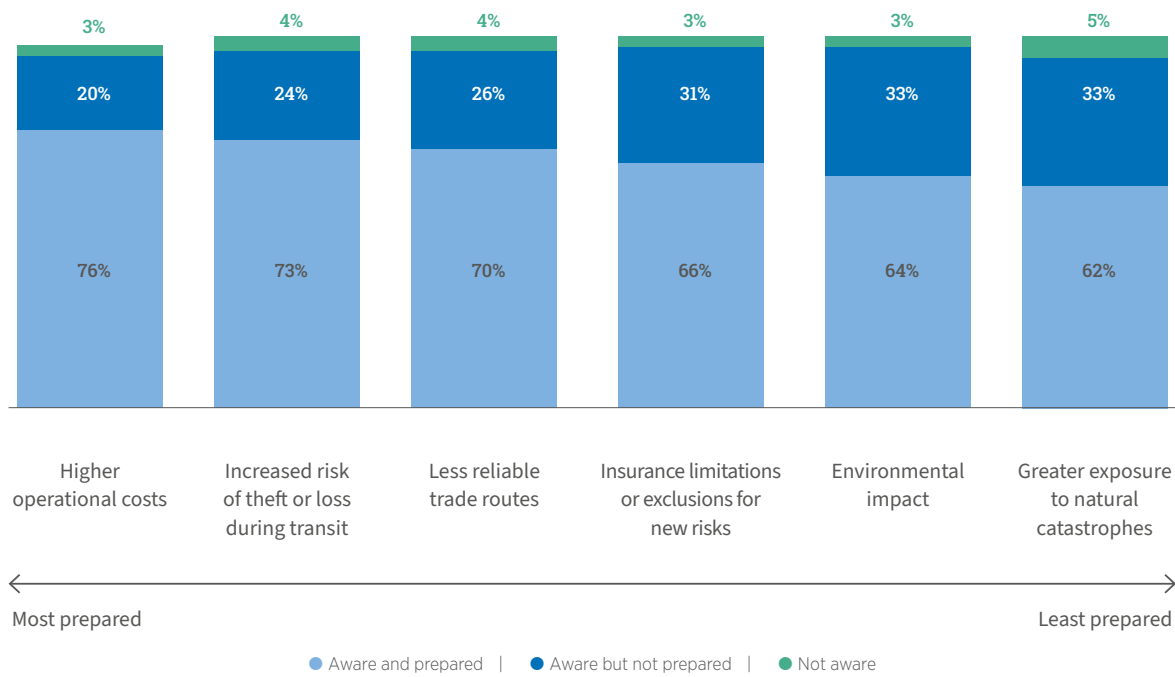
When resilience creates risk

Stockpiling concentrates values in ways that traditional insurance programs weren't designed to accommodate. Goods that were previously dispersed across a supply chain are now held in single locations, often in regions with significant exposure to natural catastrophes.

Rerouting away from established maritime lanes introduces those same risks in a different form. Firms that shift freight through inland trade corridors significantly change their risk profile. Without a corresponding policy review, exposures that were previously covered can quietly become exclusions.

Most firms are aware of the risks their own strategies create. More than half acknowledge that improvements in one part of their supply chain have created unintended consequences elsewhere. 62% say they're prepared for greater exposure to natural disasters when rerouting, and 64% feel prepared for the insurance exclusions that may apply to new risk areas. However, this still leaves more than a third of firms operating without adequate preparedness.

Preparedness for risks associated with stockpiling



Source: "Redrawing Global Supply Chains Survey," Gallagher.

Three operations, three exposures

The gap between awareness and preparedness is precisely where losses occur. The variation within the transportation sector means it can't be addressed with a single approach. Christina Reiz identifies three distinct operational profiles, each carrying a fundamentally different exposure.

- 1

Warehouse-focused operator
Holds goods and carries property and liability risk concentrated in fixed locations.
- 2

Global freight forwarder
Moves goods across jurisdictions without physically touching them, carrying legal liability at every handoff.
- 3

Asset-based motor carrier
Operates vehicles and drivers on public roads, where the litigation environment creates a risk category unlike anything the other two faces.

Each profile requires coverage tailored to how that operation actually works, rather than relying on a standard policy adapted from another context.

“What we look for is an insurance carrier that can offer genuinely broad terms. It shouldn’t matter where the goods are in the supply chain cycle or which part of the operation is involved. As long as the client carries legal liability, the policy should respond. That flexibility is what modern transportation operations require,” says Reiz.

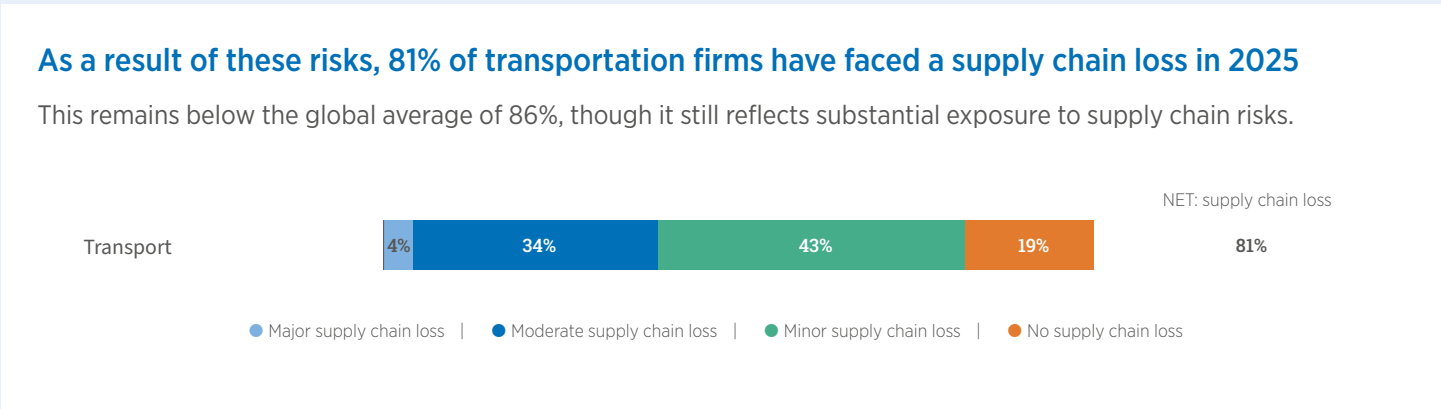
When clients take on new strategies without reviewing their coverage, that principle breaks down. For example, a client who adds a coastal warehouse to support a stockpiling strategy needs a conversation about catastrophic property exposure, not just a renewal of existing terms.

Similarly, a client rerouting through Tornado Alley in the US needs to know what their current policy excludes before a weather event tells them.

The protection gap

The transportation sector is active, confident and investing. Yet, when losses occur, it remains less protected than businesses in any other sector in the study.

In 2025, 81% of transportation firms experienced supply chain losses.



A market under strain

Transportation leads all sectors in the adoption of captive and parametric insurance structures. The appetite for sophisticated risk transfer is real. But the captive surge that followed the hard market of 2021 and 2022 pushed many operators into structures they weren't equipped to manage or sustain.

"Captives can be a good fit for mature operations," says Engardio.

"What we saw were operators being brought into a captive alongside major transportation companies with more sophisticated safety and risk management programs."

Many of those operators signed up without fully understanding what they had agreed to. "They may have thought, oh, I have got a small deductible," says Reiz, "without truly understanding how the risk-sharing and risk-shifting mechanisms work within a captive." In practice, captive participants pay fees and assessments and can be liable for other members' losses.

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Now the environment has changed, those financials look different and many of those operators are locked into arrangements that no longer work for them.”

Andy Engardio

Managing Director, Transportation, Gallagher

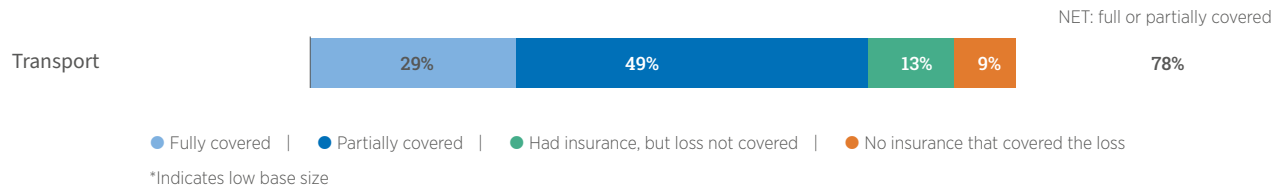
The cargo insurance market itself has contracted sharply. The capacity that was readily available a year ago is significantly harder to secure today. In some cases, limits that were accessible at a million dollars are now capped at a hundred thousand.

"For clients moving high-value goods, that shortfall between what they need and what the market will provide has to be absorbed somewhere. Usually, it's absorbed by the client, often without them fully realizing it," says Reiz.



Mind the protection gap: Most businesses are only partly insured; the transport sector is the least covered

Extent to which supply chain loss was covered by insurance, among those who experienced supply chain loss.



Source: "Redrawing Global Supply Chains Survey," *Gallagher*.

Behind the 13% whose insurance didn't respond, the causes vary. According to Andy Engardio, the primary driver is the same digital fraud reshaping the risk landscape, bad actors impersonating legitimate brokers to intercept shipments, leaving the original policy in place for the real operator. At the same time, the loss occurs in a way coverage was never designed to address.

Reiz adds large deductibles as a contributing factor. When a company opts for a high deductible to reduce premiums, it agrees to absorb the initial portion of any loss. If that loss falls below the threshold, the insurer pays nothing. The coverage exists on paper. But in practice, the company ends up paying the lion's share of losses.

Delay coverage presents [a further layer of exposure](#): unless triggered by a claimable event such as an accident or flood, delays fall outside standard policy terms and become a contractual issue rather than an insurance one — a distinction that matters most precisely when supply chains are under the most pressure.

The litigation factor

The cost of insuring a transportation operation in the US has been rising for over a decade, and the primary driver isn't cargo theft or natural catastrophe, but the courtroom.

[Nuclear verdicts](#), court awards exceeding \$10 million, rose 27% year-on-year in 2023 and have driven a 57% increase in US liability claims over the past decade. In 2024 alone, [135 corporate defendants faced nuclear verdicts totaling \\$31.3 billion, 49 of which exceeded \\$100 million](#).

Transportation operators are prime targets. So are freight brokers who don't own a single vehicle but are being pulled into cases involving carriers they have contracted with. "The litigation environment in the US is a significant reason insurance costs in this sector keep climbing," says Engardio.

Not surprisingly, high premiums are cited as the top barrier to better coverage by 35% of transportation firms. Although some states have introduced tort reform measures to curb lawsuit abuse, for most operators, these costs have become a structural burden that insurance programs weren't originally designed to absorb.

What the sector needs from insurance partners

For most transportation firms, the conversation about insurance centers on finding partners who understand the industry and can help them stay protected as their operations evolve.

Approximately 34% want more support from their insurers for scenario planning and stress testing, while 33% seek tailored risk assessments. An equal proportion reports their insurers don't fully understand their supply chain operations.

What more do businesses need from insurers to mitigate supply chain risk?

	Transport sector	Global
Access to data and analytics for better risk forecasting and supply chain visibility	36%	36%
Support with scenario planning and stress testing for supply chain disruption	34%	32%
Training and education for internal teams on risk mitigation best practices	33%	31%
More tailored risk assessments specific to our supply chain vulnerabilities	33%	33%
Collaboration on contingency planning and resilience strategies	31%	33%
Flexible insurance products that adapt to changing risk profiles	30%	34%
Clearer guidance on regulatory, trade and sanctions compliance across multiple jurisdictions	28%	33%

Significantly higher or lower than the Global average at 95% confidence

Source: "Redrawing Global Supply Chains Survey," *Gallagher*.

"The best client relationships we have are the ones where the broker and the client are essentially building the program together as the business changes. A true risk partner is in the room when strategic decisions are being made, not just reviewing the policy at renewal," says Engardio.

For example, when a Fortune 500 company separated its transportation arm under a different corporate name to limit liability exposure after high-profile trucking verdicts, its existing insurer had no experience in over-the-road operations. Gallagher was brought in to design the trucking solution, complete the filings and ensure both parties understood what they had built. The insurer knew trucking was outside their territory. Gallagher knew it was within theirs.

When a major shipper transfers the risk of a \$15 million load onto a third-party logistics provider, the domestic market often can't absorb the exposure. That gap requires different relationships and a different market entirely.

And for a client trying to meet the insurance requirements of a large buyer to win new business, that conversation becomes an opportunity to understand the full operational picture, not just check the compliance boxes.

How Gallagher can help

1 Map the exposures your resilience strategies are creating.

Stockpiling, rerouting and nearshoring each shift the risk profile in ways an existing policy may not reflect. The gaps need to be visible before a claim makes them obvious.

2 Navigate a tighter cargo insurance market.

Capacity has contracted and limits have compressed. In a tighter market, the temptation is to take what is available. The right approach is to build around what the operation actually needs.

3 Build coverage that responds.

For the 13% of transportation firms whose insurance failed when they needed it, the problem was almost always in the design. Design problems should be addressed in the design phase, not during the claims process.

4 Right-size your risk transfer structures.

Captives and parametric solutions work, but only for operations sophisticated enough to manage them. The right structure fits where an operation actually is, not where the market was three years ago.

5 Manage the litigation exposure.

In a claims environment that shows no sign of easing, understanding true liability exposure is the starting point. Structuring a program around that reality, not a historical baseline, is the work.

“

A lot of organizations have the tools. What matters is whether those tools are implemented effectively and measured properly, and whether they're keeping pace with how the operation is changing.”

Chris Demetroulis
Managing Director, Transportation, Gallagher





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