CABRELLA
SHIPPING INSURANCE INTELLIGENCE

THE HIDDEN COST OF EVERY SHIPMENT

How High-Value Shippers Can Protect Margin and Control Exposure

ONE LOSS CAN ERASE A QUARTER

For most businesses, a lost, stolen, or missing shipment is an annoyance. For a jeweler shipping a $25,000 piece, a coin dealer moving a $40,000 lot, or a luxury retailer fulfilling a single high-value order, it is a material financial event. In some cases, it is one that can erase weeks or months of margin in a single claim.

The risk profile for high-value shippers is structurally different from the risk profile that carriers and insurers typically design programs for. That means the stakes are higher, and the gap between what a loss costs and what carrier liability covers is often wider than shippers realize. That is, until they file a claim and discover how little of the loss will be paid.

This paper is about the cost structure underneath that risk: how carrier rates and surcharges are escalating, how claim rates vary dramatically by service choice, and how the two come together in ways that make shipping a more expensive and more unpredictable line item than it appears. The goal is not to alarm. It is to give high-value shippers a cleaner picture of where their exposure lies, so they can make better decisions about how to manage it.

THE RATE ENVIRONMENT: WHAT THE HEADLINE UNDERSTATES

FedEx and UPS each announced a 5.9% General Rate Increase (GRI) for 2026. The carriers have now raised rates for the third consecutive year. UPS's increase took effect December 22, 2025; FedEx's on January 5, 2026.[1] The 5.9% headline has become familiar enough that some shippers treat it as the full story. It is not.

For most shippers, the actual year-over-year increase runs between 8% and 12% once surcharges are factored in.[2] The surcharge structure — which both carriers adjust alongside their base GRIs — has been expanding consistently, and the compounding effect is significant.

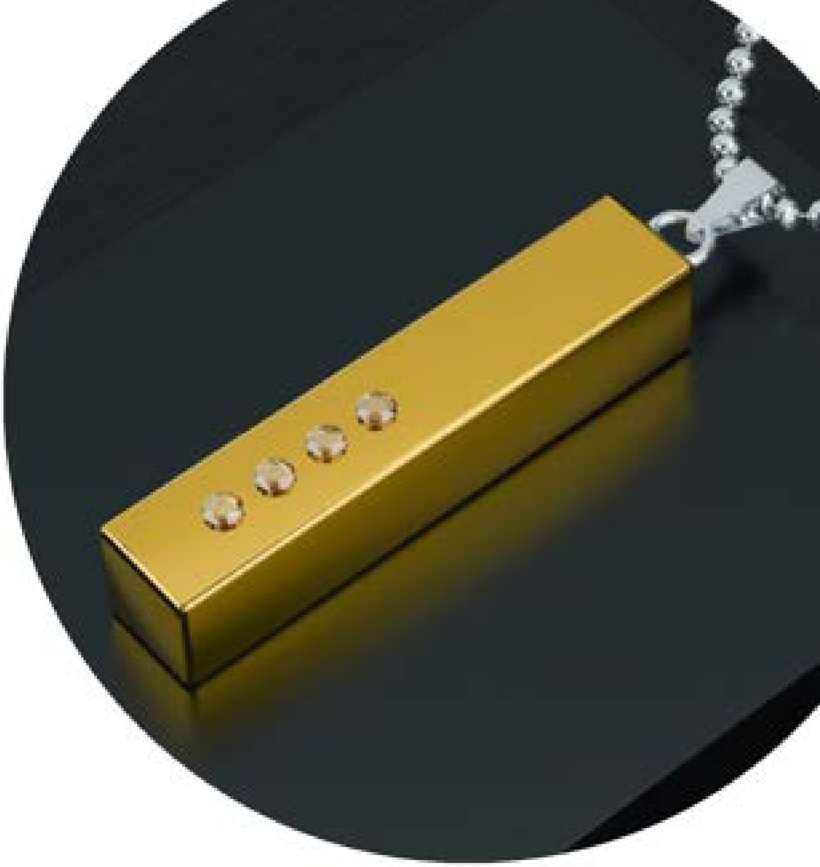
Several specific changes are worth noting for 2026:

- Additional handling surcharges increased by more than 26%, affecting packages that don't meet standard dimensional and weight criteria.[3]
- Residential and delivery area surcharges rose 6–8.8%, with FedEx Home Delivery's residential surcharge up 8.4% and UPS residential ground up 6.56%.[4]
- Both carriers adjusted their cubic volume thresholds, pulling more packages into additional handling and large package surcharge tiers without any change to the packages themselves.[5]
- Fractional inch rounding now rounds up on dimensional measurement, increasing billable weight on packages whose physical dimensions haven't changed.[6]
- Fuel surcharges stand at 25.5% (UPS) and 25.0% (FedEx) as of May 2026.[7]

The longer view is instructive. Per-package ground rates are currently 31.2% above the January 2018 baseline, according to the TD Cowen/AFS Freight Index.[8] That figure reflects eight years of GRIs compounding alongside surcharge expansion, zone remapping, dimensional rule changes, and timing adjustments. Individually, each of these increases is modest. Collectively, however, they are quite significant.

The 5.9% GRI is the latest expression of an ongoing pattern, not an anomaly.

For high-value, lower-volume shippers, rate increases hit differently than they do for high-volume accounts. Volume shippers have negotiating leverage. For example, they can push back on GRIs or negotiate contract discounts. A business shipping 200 high-value packages per month does not have that leverage. Each rate increase passes through more directly. And unlike volume shippers, the cost that most needs managing is not the rate itself — it is what happens when a shipment is lost or damaged.



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HOW CLAIMS CONNECT TO COSTS

Carrier rates are one input to the total cost of shipping. Claims are the second, and unlike rates, claims costs are much more within a shipper's control. The connection between them is direct: high claim rates drive up insurance premiums over time, and poor service-level selection drives up claim rates. Most shippers treat these as separate problems. They are the same problem.

First, Middle, Last Mile Explained

First Mile	The initial movement of a shipment from the shipper to the carrier's network: pickup, drop-off, or handoff to a local facility.
Middle Mile	The long-haul transit leg: movement through the carrier's hub-and-spoke infrastructure, including sorting facilities and regional hubs.
Last Mile	Final delivery from a local distribution point to the destination — the most variable and highest-risk leg for residential shipments.

Carrier Level Claim Rate vs. Industry Benchmark

Claim rates vary from month to month, quarter to quarter, and year to year. For high-value shippers that typically use expedited shipping and security measures like signature requirements, claim rates are between 0.10% and 0.15% of shipments.[9] Where the major carriers fall relative to that benchmark fluctuates and requires ongoing monitoring.

Cabrella tracks and analyzes claim rates to get both a snapshot and to identify trends. A recent data set for clients shipping high-value goods showed the following:

Carrier-Level Claim Rates vs. Industry Benchmark

Carrier	Claim Rate	vs. Benchmark
FedEx	0.142%	Within Range
USPS	0.125%	Within Range
UPS	0.218%	Above Range

Carrier-level averages, however, obscure the more important story. **Claim rate variance within a single carrier is more significant than variance between carriers.** The right service selection matters more than the right carrier selection.[10]

The Service Level Gap

The recent data set demonstrated the importance of looking not only at the carrier, but going deeper to evaluate the service level. For our high-value shippers, FedEx Priority Overnight carried a 0.044% claim rate and an average shipment value of $34,980. That's the lowest claim rate of any major domestic service.[11] FedEx Home Delivery, by contrast, ran at 0.297%: nearly seven times the claim rate on the same carrier. FedEx SmartPost sat at 0.665% — fifteen times the rate of Priority Overnight.[12]

These differences reflect a reality: premium express services move through controlled, priority lanes with fewer intermediate sorts and more consistent handling.[13] Economy services, particularly those that inject a network handoff to USPS for last-mile delivery, add the touchpoints where damage and loss concentrate.[14]

Lowest Risk Services by Claim Rate

Service	Claim Rate
FedEx Priority Overnight	0.044%
FedEx Standard Overnight	0.080%
FedEx Ground	0.106%
FedEx 2 Day	0.109%
UPS Next Day Air	0.125%

Highest Risk Services by Claim Rate

Service	Claim Rate
UPS Standard	0.447%
UPS Three-Day Select	0.342%
UPS Next Day Air Saver	0.325%
FedEx Home Delivery	0.297%

SPEED VS. RISK PARADOX

A natural assumption is that faster services are safer. Shippers assume that premium pricing buys premium handling end-to-end.

This holds at the extremes. FedEx Priority Overnight and UPS Next Day Air are, in fact, the lowest-risk services in their respective carrier networks.[15] But the relationship breaks down in the middle tier.

UPS Next Day Air Saver carries a claim rate of 0.325%, which is nearly three times the 0.125% of UPS Next Day Air.[16] Both services deliver the next business day. The difference is that Air Saver packages frequently share ground network infrastructure during off-peak transit legs, reintroducing the handling variability that premium overnight services are designed to avoid.[17]

For high-value shippers, the implication is concrete. A jeweler routing shipments through FedEx Home Delivery instead of FedEx Standard Overnight is accepting nearly four times the claim exposure on shipments where the magnitude of a single loss is significant. The service premium between those two options is often less than the expected value of the additional risk.[18]

WHAT YOU CAN ACTUALLY CONTROL

The rate environment is largely outside any individual shipper's control. Claim rates are not. Here is what you can do to control your shipping costs.

Service-Level Selection

This is the primary lever for high-value shippers, and it costs nothing to exercise. Auditing current routing logic against carrier and service-level claim rate data will, in most cases, surface at least one lane or shipment type where the service selected is generating disproportionate risk.

Instead of asking "which carrier has the best rates?", ask "which service, for this shipment, on this route, produces the most favorable ratio of transit cost to claim exposure?" For high-value goods, the answer will almost always favor premium express services. This is not because of the speed, but because of the handling infrastructure that those services use.[19]

First and Last-Mile Strategy

Residential last-mile delivery is a documented risk amplifier. FedEx Home Delivery runs at 0.297%; FedEx Ground, which delivers to commercial addresses, runs at 0.106%.[20] Where a commercial delivery address is available — such as a business, a receiving department, or a third-party pickup location — it changes the risk profile.

Coverage That Reflects What You're Actually Shipping

Carrier liability is not insurance. It is a limited obligation, typically tied to formulas, with caps that rarely match the actual value of high-value shipments. A carrier's maximum declared value program may cover $1,000 or $2,500 on a package worth ten times that. Named perils policies cover only specific, listed causes of loss, which means if the peril isn't named, the claim is denied.

All-risk insurance covers all causes of physical loss or damage except those specifically excluded. For high-value shippers, this is the appropriate baseline. The goal is coverage that reflects invoice value rather than a formula designed for ordinary freight. One uninsured or underinsured loss can erase months of margin.

WHAT YOU CAN ACTUALLY CONTROL

Using Your Claims Data

Even thin claims history reveals whether service choices are aligned with the actual risk profile of what's being shipped. A review of claims by service level and destination zone — even across a relatively small sample — will typically surface patterns that generic carrier data cannot.

For high-value shippers with low claim frequency, the sample may be small. That does not make the analysis less valuable. In fact, it makes it more important because a single unreviewed pattern in a low-frequency environment can persist for years before its cost becomes visible.

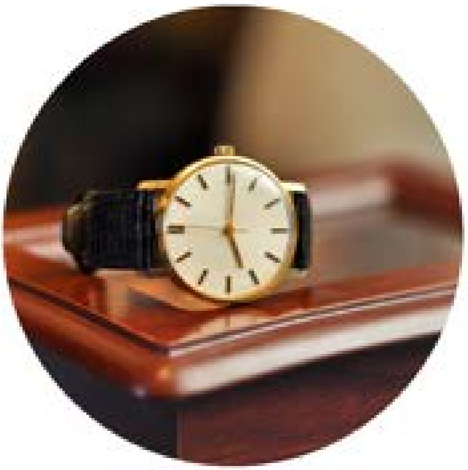
You can also use that data to consolidate discounts and apply them to the service levels of your highest-risk shipments.

COST CONTROL STRATEGIES

- 01. Optimize Service-level Selection
- 02. Evaluate First and Last-Mile Strategy
- 03. Match Coverage to Shipment Value
- 04. Analyze Claims Data

THE SHIPPING COST PROBLEM IS MORE CONTROLLABLE THAN IT APPEARS

Carrier rates will continue to increase. The pattern of GRIs compounding alongside surcharge expansion has been consistent for nearly a decade, and there is no credible signal that it will reverse. For high-value, lower-volume shippers without contract leverage, that portion of the cost equation is largely fixed.



The claim side, however, is not. Service-level selection, last-mile strategy, and coverage that reflects actual shipment value are all decisions that you, the shipper, control. Managed together, they address the part of the shipping cost problem that is most within reach and where the stakes are the highest.

Predictability is the goal. Shipping should never become the variable that determines whether a quarter's margin holds. Nor should it be the reason you lose customers. A smooth, predictable shipping experience builds loyalty and generates repeat business.

The businesses that achieve that predictability are not necessarily the ones with the lowest per-label rates. They are the ones that understand the full cost picture — rates, claim exposure, coverage — and manage them as a connected system.

Intelligent Shipping and Insurance

This is the work Cabrella does with clients. We not only design coverage programs around how, what, and where you actually ship, but we also identify loss trends and respond when something goes wrong.

Cabrella is a technology-driven shipping, insurance, and risk management partner that actively monitors and analyzes data so that businesses can adjust processes and reduce loss. Our clients can make data-driven decisions based on our collection and analysis of real-time information. We collaborate with our clients to identify and manage risk, keeping risk profiles and premiums low.

We provide coverage limits that exceed carrier liability and include protection for porch piracy and other losses not covered by carriers. Our technology platform provides fully digital claims submission and management, proactive tracking alerts, and streamlined label generation and platform integration via API.

If something does go wrong, our clients speak directly with a designated claims adjuster, not a call center. Our experienced package recovery team can track down packages so a claim never has to be filed.

By offering preferential pricing, robust API integrations, and multi-carrier compatibility, Cabrella empowers e-commerce brands, logistics providers, and fulfillment centers to reduce losses, manage claims, and optimize their shipping operations globally.

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