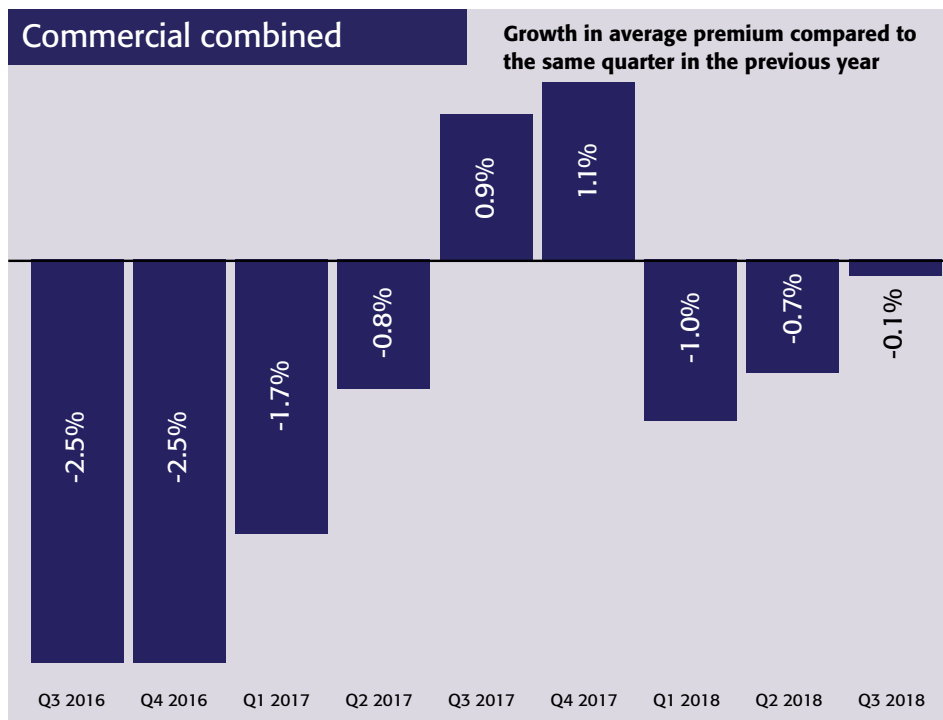
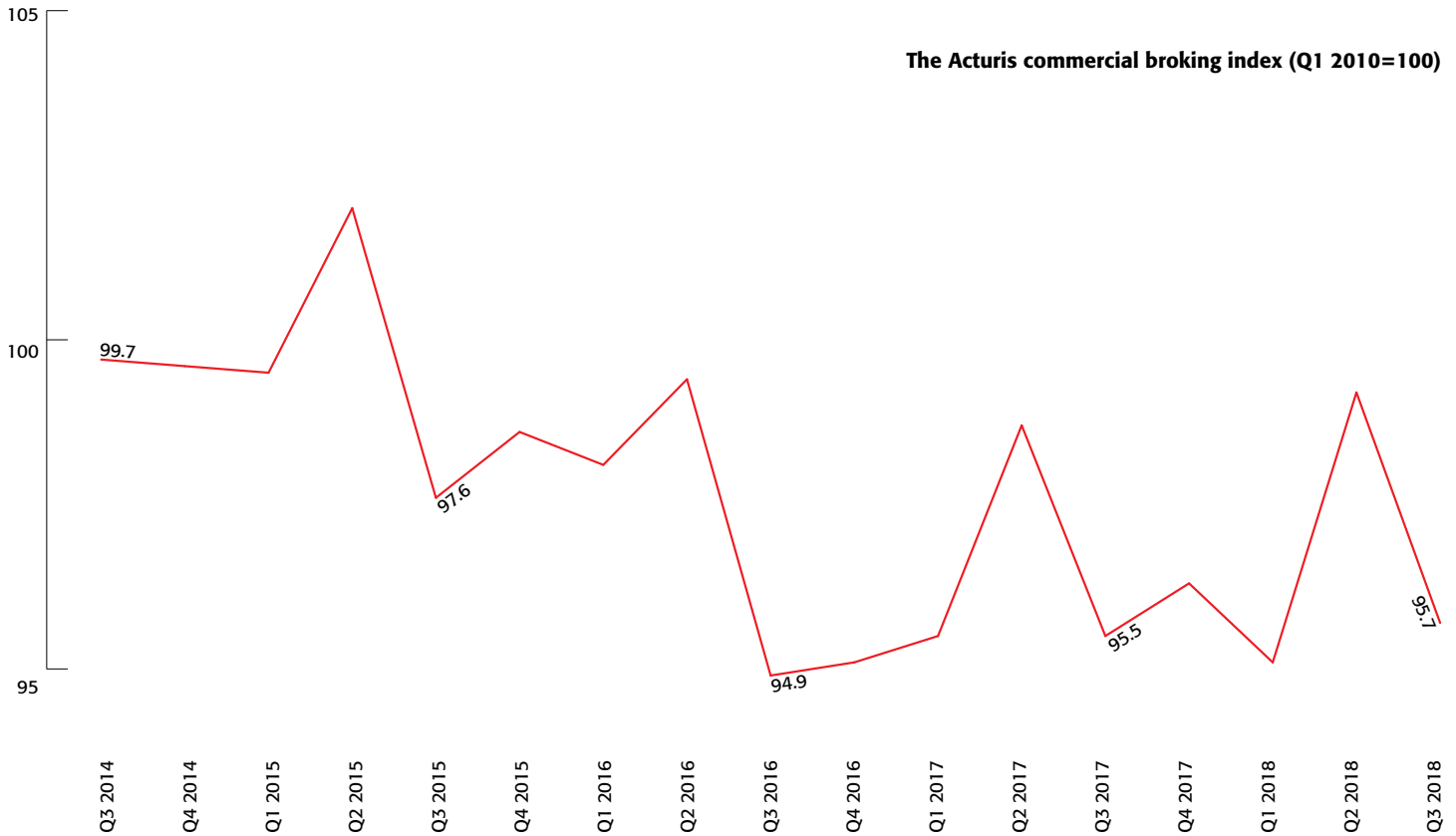


## THE STATS – THE ACTURIS PREMIUM INDEX



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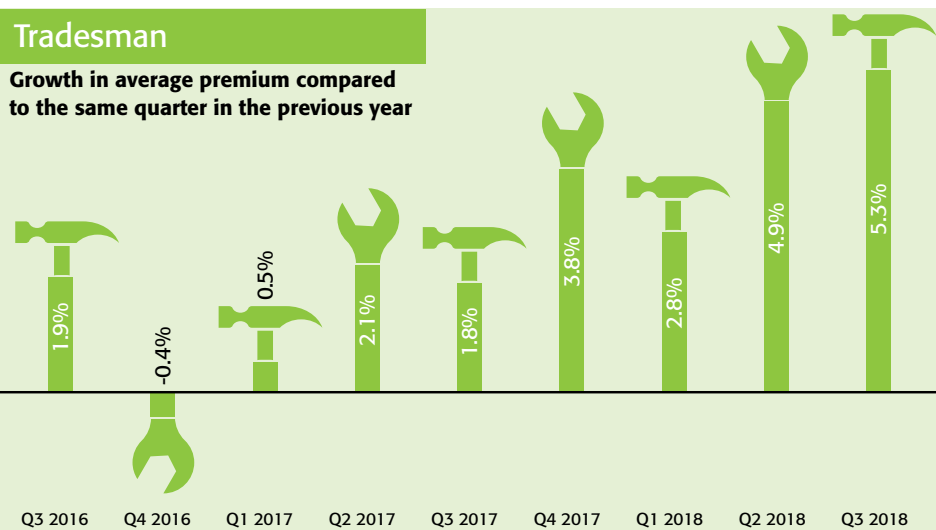
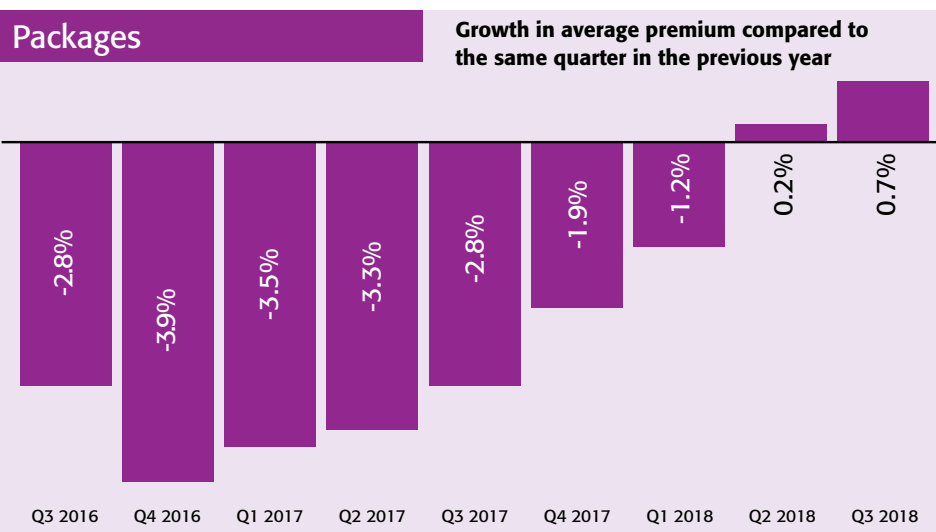
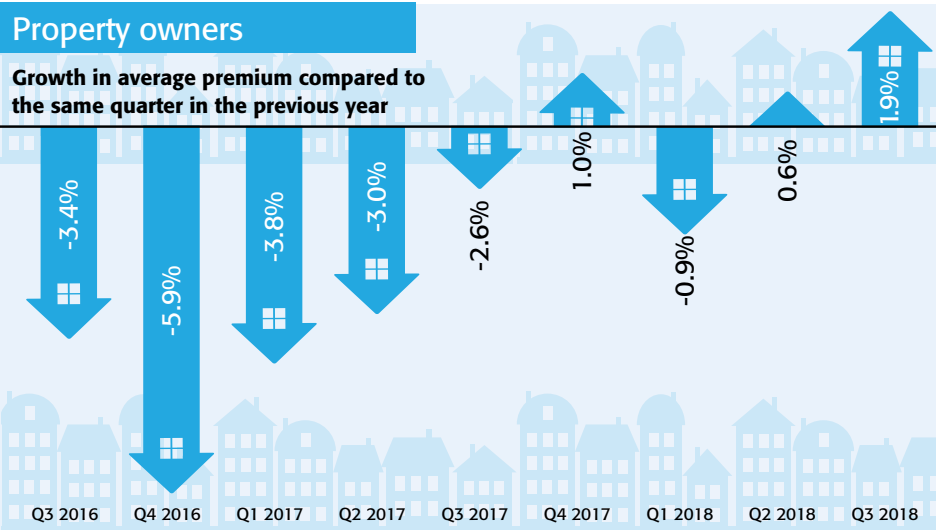


The stats for the third quarter of 2018 presented a mixed bag, with some star showings when compared to quarter three of 2017.

There were a couple of standout performers in property owners and packages, while tradesman continued its run of growth compared to the 2010 baseline number.

Commercial combined displayed a nominal reduction in average premium of 0.1% (in Q3 2017 it ticked up to 0.9% above the baseline). However, not all of those operating in the space agreed this is what they are seeing.

QBE's Dave Greaves, head of SME and e-trade, is witnessing premium increases and business exposures grow. His theory is that companies are "stockpiling" ahead



of Brexit, meaning there is an “uplift in exposures”.

The long-term presence of the line on the Acturis platform could be something putting some downward pressure on premium, according to Russell Scanlan managing director Bryan Banbury.

“Most insurers are coming on to Acturis so we might be seeing more competition,” he said.

One notable change was in property owners, which saw premiums go up 1.9% on average compared to -2.6% in Q3 last year. Brokers stated the market is getting tougher and the increase in the Acturis figures was something they were encountering and having to explain to the market.

Peter Robinson, managing director of Prizm Solutions, remarked: “The stand out difference between Q2 [0.6%] and Q3 is the significant increase in property owners’ premiums for the first time since Q1 in 2015.

“We are starting to see it coming through and property owning clients are being shocked by premiums increasing for a change.”

Robinson added: “The same can be said of package insurance premiums, which have risen again, for the first time in four years – again to clients’ disgust. They aren’t used to price rises.”

He questioned whether the recent Allianz and LV joint venture was causing prices in this area to change: “Allianz were charging higher and now LV is coming into line.”

When it came to fleet, brokers reported a mixed bag. The Acturis calculations for Q3 2018 saw a 0.9% premium fall, which followed an uptick of 1.6% in Q3 2017.

“We’ve seen premium increases in fleet off the back of Ogden. Now we are seeing a levelling off. *The Civil Liability Bill* may see reversals, but there are also other things affecting the mix,” Greaves commented.

Greaves also pointed out that fleets were now moving away from diesel vehicles and favouring smaller, petrol powered motors which is affecting premium too.

“I believe price increases are going through but the type of fleet is changing.” >

However, he picked out haulage and bus and coach as areas within fleet that are not performing so well.

Banbury exclaimed: "Fleet surprises me. We are seeing bigger increases than that. It is quite hard work on fleet."

He speculated that the reason for this came down to claims costs making premium negotiation tougher. "It is becoming harder to negotiate them [insurers] down."

However, Robinson said the Acturis stats mirrored his recent experience.

"Fleet premiums have dropped again, balancing out the rise in Q2 and leaving rates overall looking quite static and completely negating the rise of the supposed Ogden effect," he suggested.

"I find it surprising that commercial vehicles have risen by 36.5% [compared to the 2010 baseline] whereas fleets have gone down by 2.3%. Perhaps because of the negotiating power of larger fleets compared to one man bands?"

Looking ahead Greaves questioned if the looming exit of the UK from the European Union might cause further rises, especially in commercial combined, as stockpiling increases.

"Will this become more apparent in the next three months as we approach Brexit?" he speculated. ■

## Explaining the figures

The Acturis commercial broking index consists of quarterly figures calculated on a base line of the first quarter of 2010. It has been designed to represent premium movements in a typical broker's book of commercial business. This index uses weighted figures from commercial combined (35%), fleet (25%), property owners (18%), packages (12%) and combined liability (10%) indices based on the portion of GWP each class of business represents in a typical commercial book.

The further indices in the Acturis Premium Index covered in the text show year-on-year comparisons measured across £6.7bn of premium. The movements in premium can be driven by changes in the size of the risk and the level of the insurance rate. By comparing each quarter with the same period the year before it is most likely to set the pricing of similar risks against each other.

