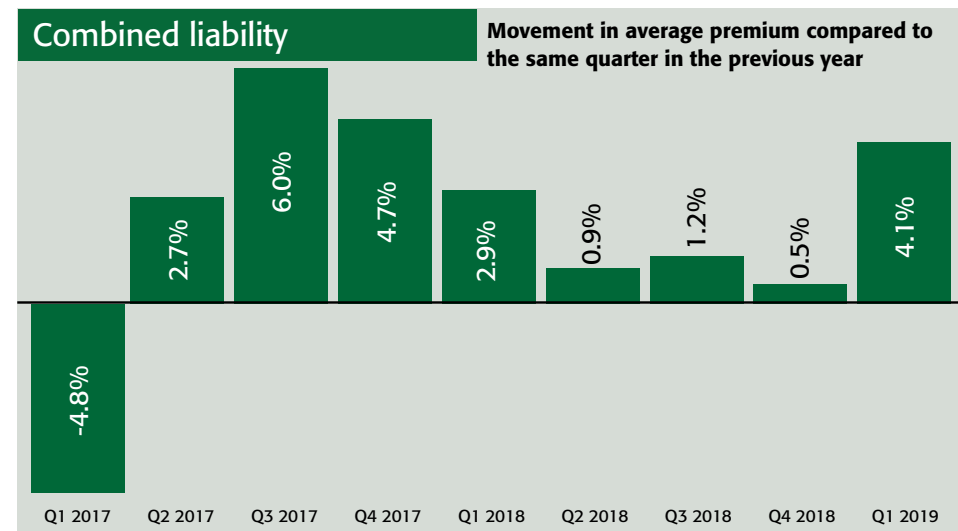
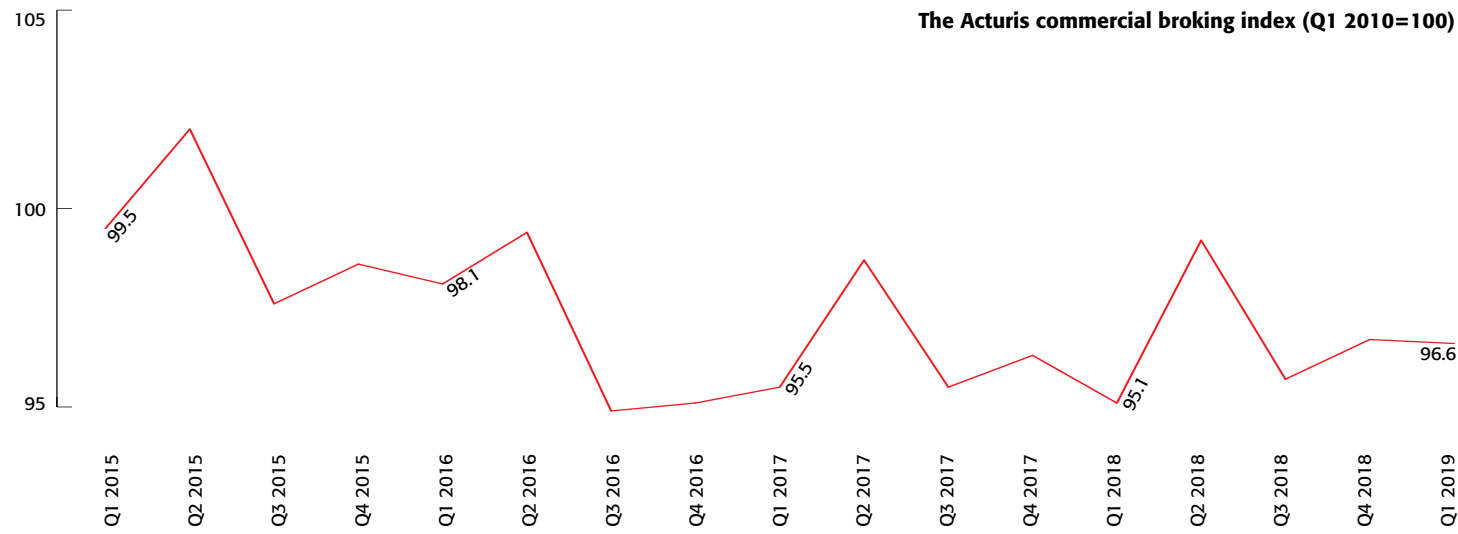
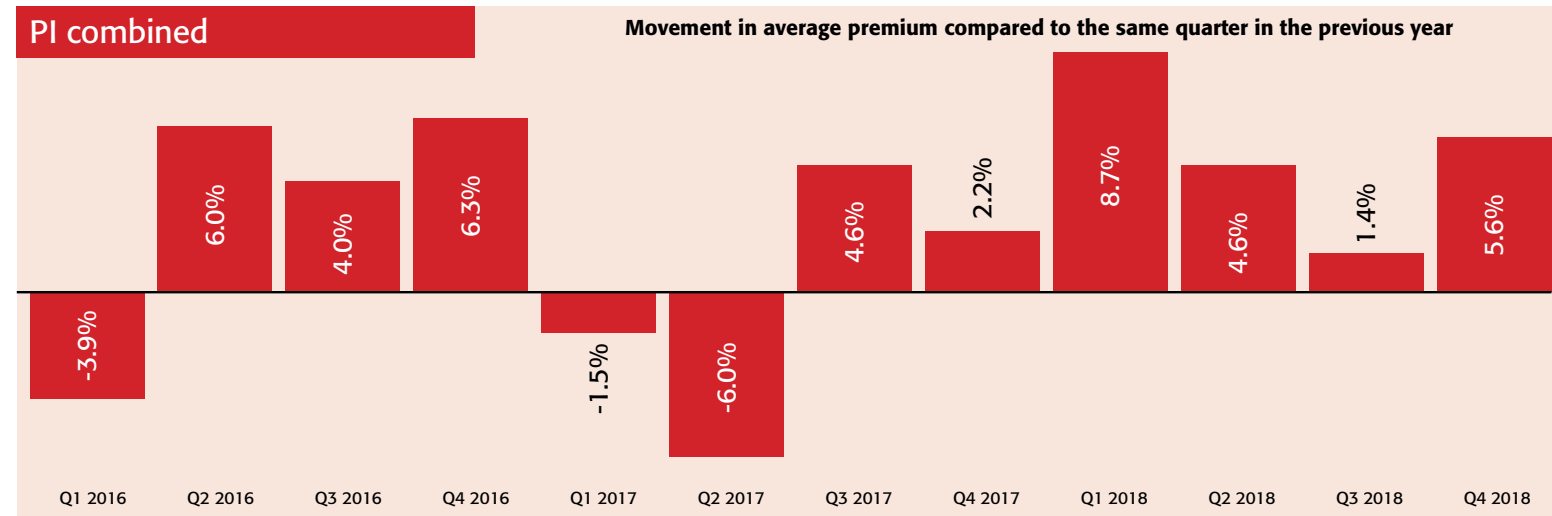


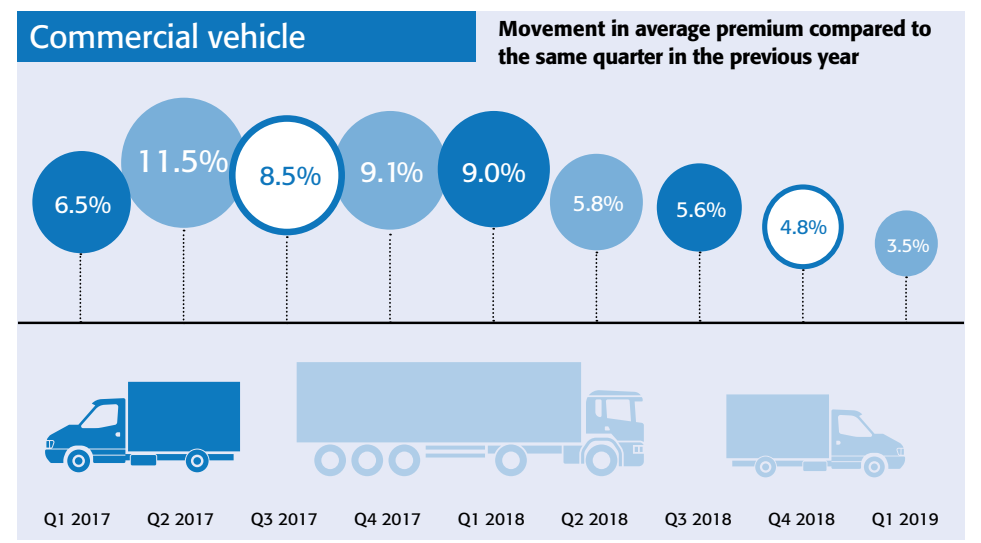
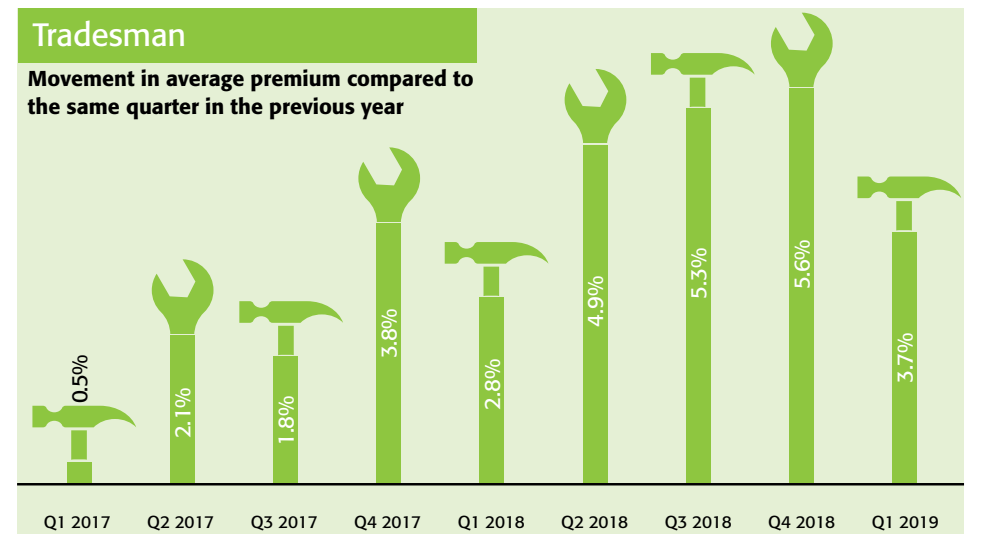
THE STATS – THE ACTURIS PREMIUM INDEX



The first quarter of 2019 has seen positive premium movements across the board with packages as the only exception. The largest rise was reported in combined liability, which was up 4.1% compared to the first quarter of 2018. Premiums in this line have been ticking up for every quarter since Q2 2017. But Trident Insurance chief executive officer Robert Marshall did not agree that prices had gone up. "Combined liability, as a percentage it looks high, but I don't think it makes an awful lot of difference," he commented. "This tells you nothing about what you're actually going to transact at."

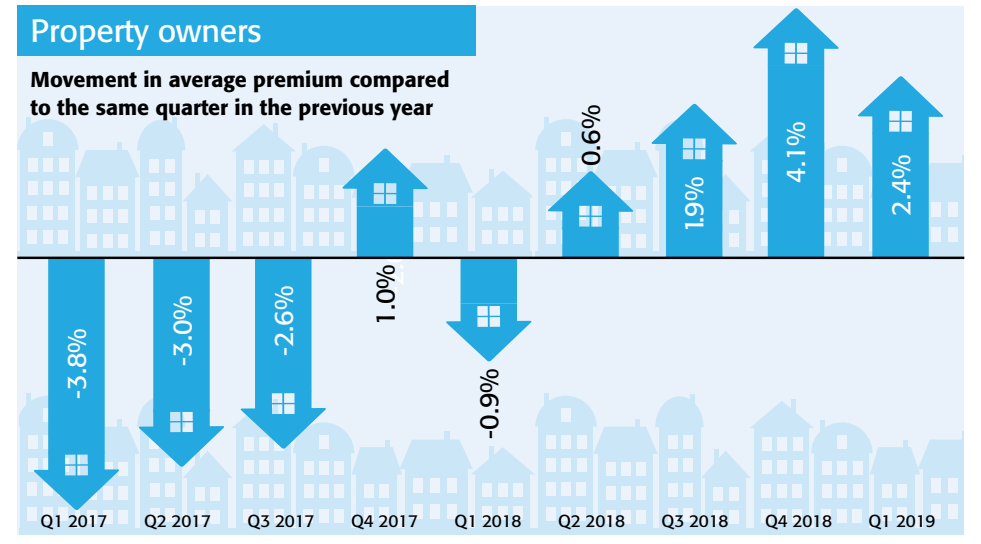


Tradesman was not far behind with a 3.7% rise on the same time period last year. This is the ninth quarter in a row that tradesman has increased. Meanwhile, commercial vehicle, which went up by 3.5% in Q1 2019, is seeing a similar trend with positive premium movements since the start of 2016. Simon Cooter, outgoing commercial lines and HNW director at Covéa, stated: "Our experience over the last 12 months is that we've seen positive rate in commercial lines products, particularly in commercial motor. Probably a little bit more than some of these numbers." Looking at property owners, this line saw an increase of 2.4%. Premiums here have been rising for the last four consecutive quarters. Marshall was surprised at the positive movement, noting that in his view "property is actually going nowhere". In addition, after commercial combined reported falls in every quarter of 2018, it has now turned around with a 1.7% rise in



Professional indemnity

From now on Acturis will be featuring a guest index for each quarter. First out was a professional indemnity (PI Combined) index, which has tracked PI Combined premiums since 2015. Acturis stated that the most notable trend in this line of business is the large increase in average premium seen from 2017 to 2018. In addition, quarter-on-quarter movements showed that premiums began to rise from Q3 2017. Greg Toothe, specialty lines product manager at Acturis, commented: "One of the drivers of average premiums increasing is insurers offering extended cover beyond PI. Over 8% of quote requests now include cyber, up significantly in the last few years. "There is also the effect of issues around cladding and the fallout from Grenfell, which has caused increases in design and construction PI premiums in particular, although we are also seeing insurers pull out of this market completely."



Q1 2019. Fleet also reported a modest rise of 0.9% for the time period, compared with Q1 last year.

While packages saw the only negative movement of the quarter, it was a small one of -0.2%. This line had seen premiums tick up for the previous three quarters, but before that, the figures showed 15 consecutive quarters of decreases.

The overall commercial broker index rose by 1.6%. Despite the increases, Marshall was not convinced that the market is set for hardening.

“Everybody wants to see prices go up a wee bit, but there isn’t a lot of money about on the customer end,” he noted. “It’s reverting back to insurance being a grudge purchase more than ever.”

He further described the commercial lines insurance sector as an “aggressive market” with managing general agents coming in and making it more competitive.

By contrast, Cooter predicted that premiums would continue to rise over the rest of the year.

“The lack of movement in rate in the market last year was unhelpful,” he said. “The way I see it is that customers would much rather see the prices going up a little bit over time than seeing a correction at some point.” ■

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 £7.3bn 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.

