The stats: Q4 2024 - Premium growth continues, but at a slower pace

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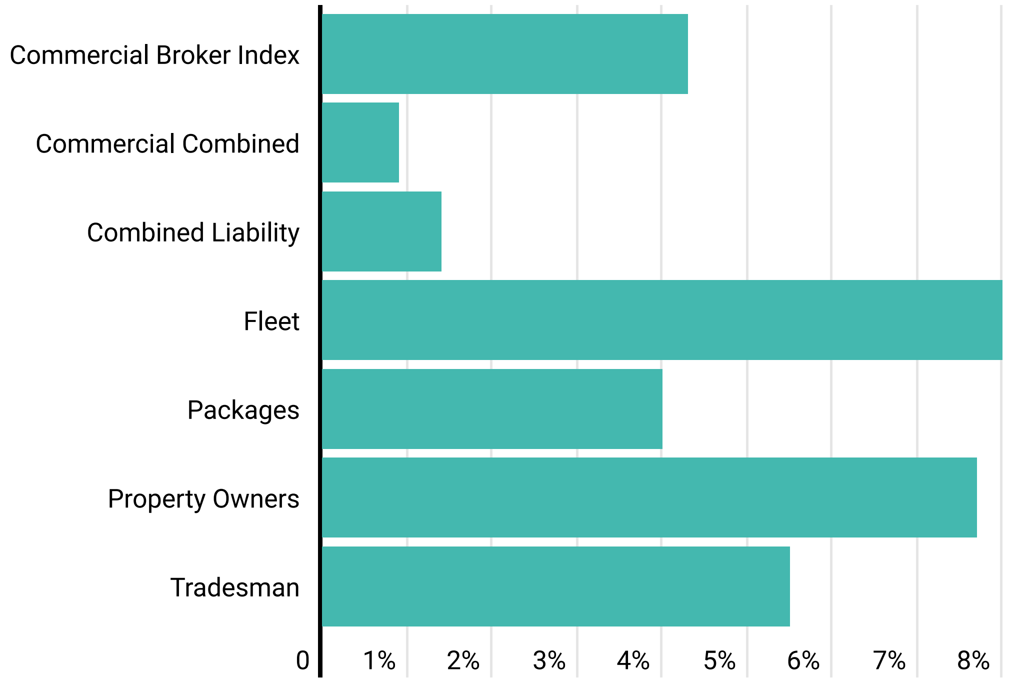
The Acturis Commercial Broking Index reveals further premium increases at the end of the year, but experts predict the market is set for softening in 2025. Ida Axling reports.

The cost of commercial insurance grew by 3.8% in 2024, driven by particularly large premium hikes in fleet and property owners.

This is according to the latest Acturis Commercial Broking Index, representing the average premium in a typical commercial book of business, which showed that 2024 was the fifth consecutive year of price increases.

In the final quarter of 2024, all of the individual classes of business represented in the index saw premiums move upwards (see chart 1), and Acturis stated that the value of the index at the end of the year was the largest seen to date.

Acturis Commercial Broking Index: percentage growth in average premium 2023–24



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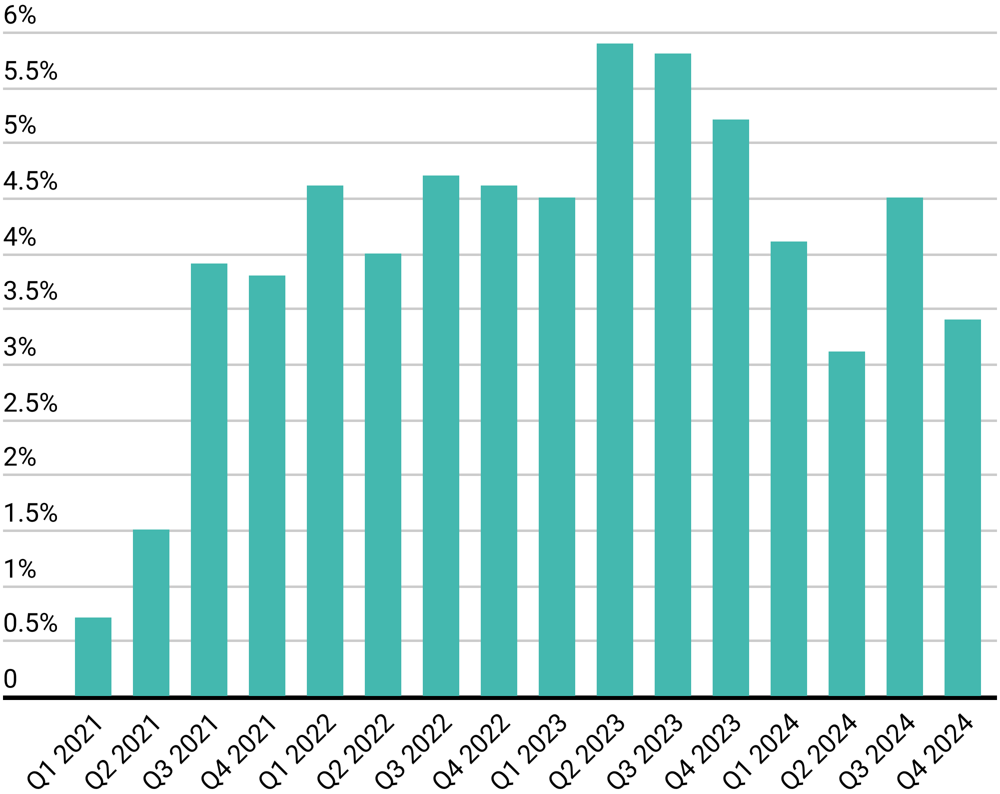
The software house highlighted that this was in line with expectations, given inflationary trends in the economy and following consistent increases in insurance premiums over the past few years.

These points were echoed by experts in the market, who also predicted that premiums were set for softening in 2025 with Q4 already showing a downward trend (see chart 2)

Acturis Commercial Broking Index: year-on-year comparatives by quarter



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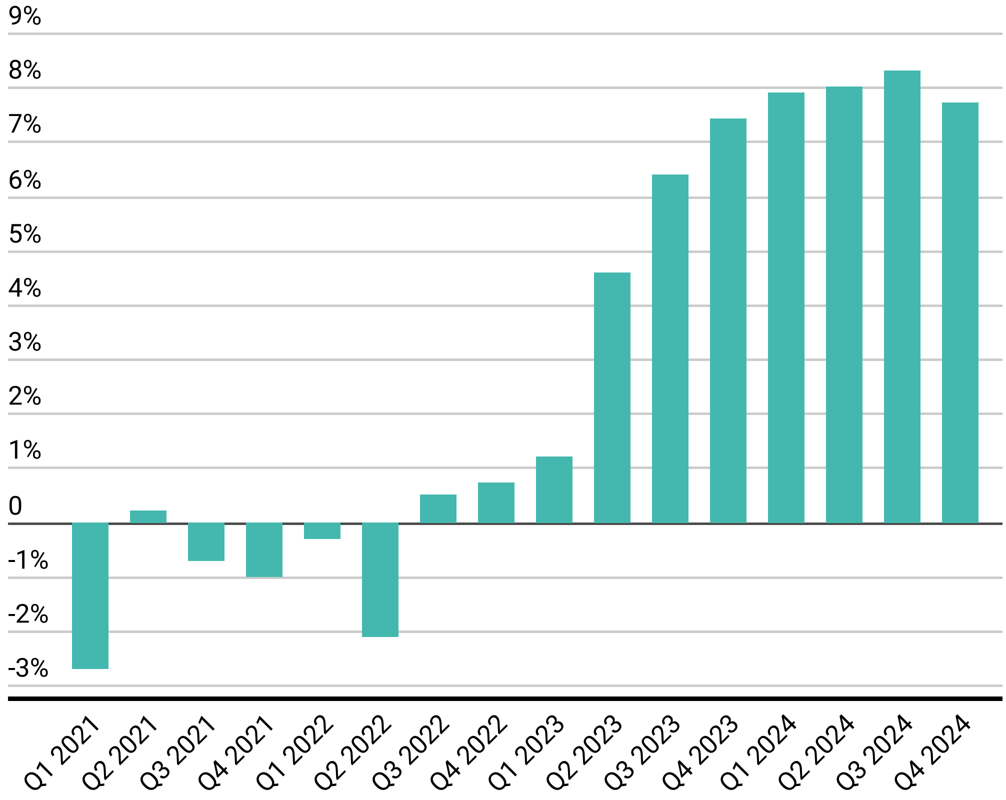
Fleet

Looking closer at each line of business and starting with fleet, this category has seen the largest movement across 2024, with premiums increasing by 8.0% compared to 2023.

But while fleet has enjoyed a growth spurt in 2023 and 2024, this followed a period of relatively flat rates in the three years prior to that, and Acturis noted that this line is now seeing an "overdue correction in premiums". Fleet ended the year on a high, with a 7.7% premium hike compared to Q4 2023 (see chart 3).

Acturis Fleet Index: year-on-year comparatives by quarter



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Matthew Collins, managing director at Ascend Broking Group said this was down to cost inflation over the past few years, both in third-party injury claims and more expensive vehicle repairs.

"Electric vehicles have a big part to play in it, and we've seen a little bit of a lack of appetite as well in the past," he said.

Collins continued: "But what we will say is that it is different now, it's a lot more competitive in Q1 2025. There are signs of the market softening and insurers being a lot more willing to reduce rates for the right risks."

Sam Thomas, London head of underwriting at Zurich, said levels of inflation have slowed compared to 12-18 months ago, and noted that she was seeing “more stabilisation in the cost of certain parts and labour rates” in 2024.

However, she pointed to a number of factors still impacting the average claims cost within motor, including higher repair costs driven by the sophistication of vehicle technology and a rise in the number of electric vehicles carrying “different repair costs, processes and part availability compared to conventional fleets”.

She further listed a series of “moving parts” for 2025 which will “likely be watch items for insurers”. These included changes to the **Personal Injury Discount Rate** and whiplash tariffs going up.

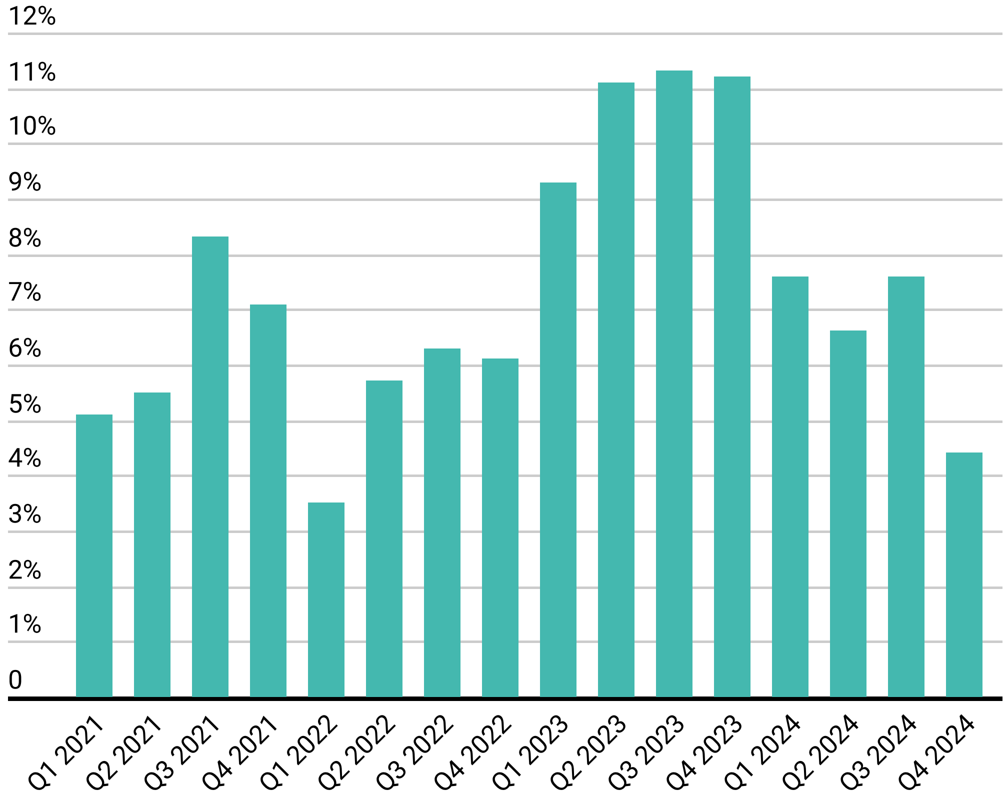
“In an ever interconnected and global economy, socioeconomic and political changes including in relation to tariffs and conflict areas will be watch items,” Thomas added.

Property owners

Property owners was another big riser, with a premium increase of 6.3% across the year. While this is a sizeable change, it is a significantly smaller movement compared to the 10.8% jump recorded from 2022 to 2023, which Acturis said was driven by increased material and repair costs and insurer concerns related to cladding and Reinforced Autoclaved Aerated Concrete (see chart 5).

In Q4, premiums in property owners grew by 4.4% year-on-year, a smaller increase than in preceding quarters, which suggests that premium growth is starting to slow down (see chart 4).

Acturis Property Owners Index: year-on-year comparatives by quarter



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Darren Bee, associate director at Lansdown Insurance Brokers, stated that there were a couple of factors that had contributed to the reduction in growth in Q4, and across 2024 as a whole.

He continued: “The weather was a little bit fairer so the number of weather-related claims reduced, and the average claim cost also reduced because there weren’t as many as we’ve had in the last few years. The majority of our property providers had a good year weather wise, and that has an impact on the premium.”

Bee further noted that he was seeing changes in the residential property insurance market after the Financial Conduct Authority introduced its multi-occupancy building insurance regulations from January 2024.

The new rules mean that brokers have to disclose their income and earned commission, as well as any commission they pay to property managers, to clients.

He continued: “We’re seeing an impact from that with a lot more movement in the market. More business is being moved from insurer to insurer to keep the premium end price to the client as low as possible.”

Dan Berry, chief underwriting officer at Brown & Brown Europe, added that, in his view, property owners was becoming a much more competitive space.

“If you look at the high inflationary period that we went through over the last twelve to eighteen months, and also the relatively hard market, from a property perspective there is a good degree of premium in reserve,” he said.

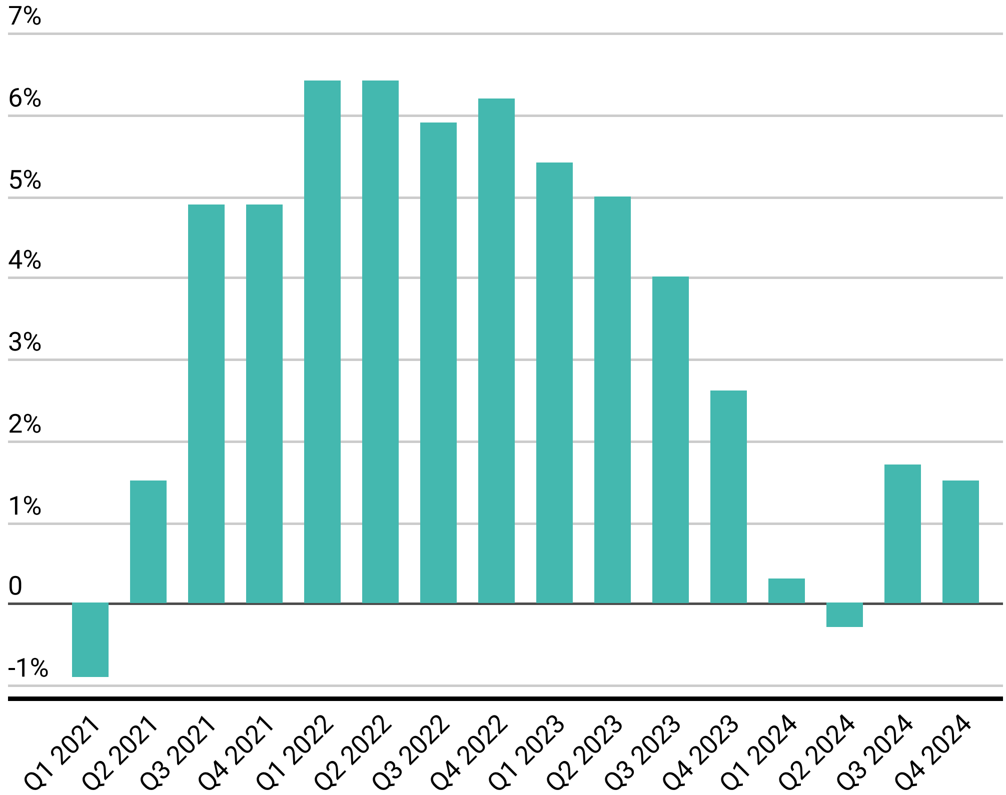
Berry added: “People are feeling quite buoyant about where their portfolios are from a performance perspective, and they are very keen to hold on to market share, so that is driving an appetite to be competitive on this business, both on new business and renewals.”

Commercial combined

The commercial combined and combined liability classes have both seen more modest growth, with relatively small movements reported across the year.

Commercial combined premiums had previously risen by at least 3% per year since 2020, but 2024 painted a different picture with a 0.8% increase. After a tentative start to the year, premiums increased more in the second half of 2024, ending on a 1.5% rise in Q4 (see chart 5).

Acturis Commercial Combined Index: year-on-year comparatives by quarter



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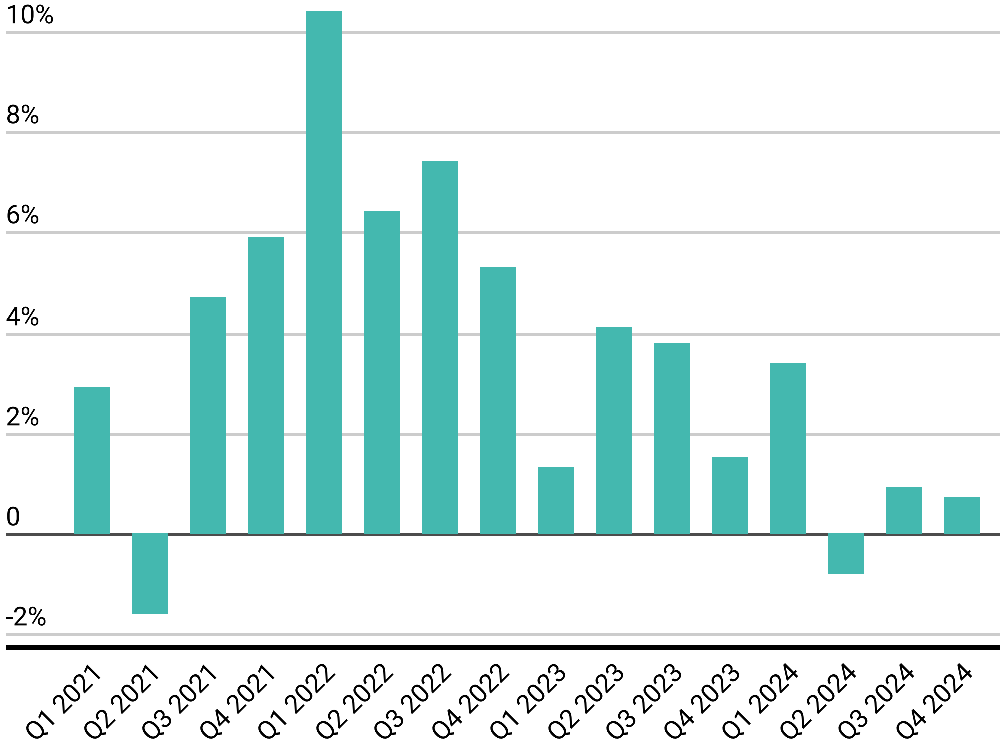
Matt Price, broking director at Ascend Broking Group, said this was in line with what he was seeing in the market.

He continued: “Insurers are generally pretty keen to write it so when they’re putting small inflationary increases on in terms of rating, they’re just trying to increase that book of premium a little bit. Most clients are expecting an increase on everything these days.”

Liability and trades

Meanwhile, combined liability has stabilised and remained relatively flat over the past couple of years, after recording large increases each year from 2019 to 2022. It ended 2024 with a 0.7% rise (see chart 6).

Acturis Combined Liability Index: year-on-year comparatives by quarter



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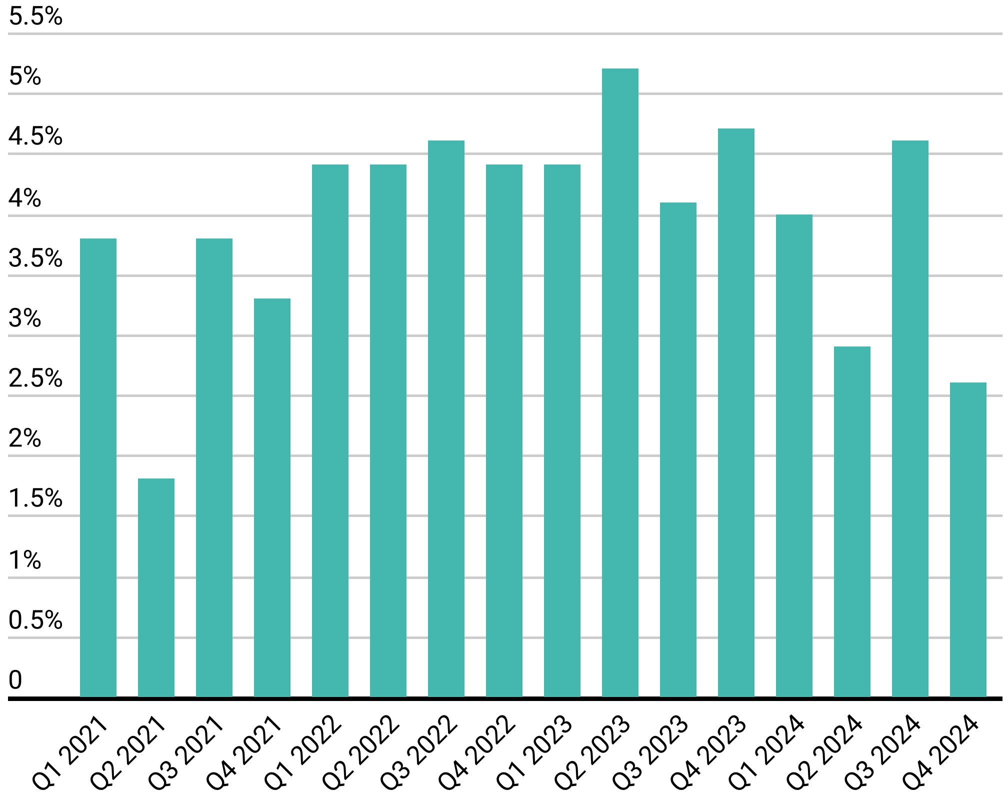
Berry stated that this was in line with his expectations, adding: "Combined liability business is less niche than it was historically, and there's a broader appetite across more carriers than previously, and that's driving competition."

He argued that these factors, combined with relatively strong underwriting results across the board, meant insurers were "in a place to chase top-line growth".

Packages has continued on a steady growth trajectory in 2024, which is the fifth consecutive year of increases between 3.5% and 5.5%. However a notably smaller movement of 2.6% was reported in Q4 2024 (see chart 7).

Acturis Packages Index: year-on-year comparatives by quarter



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Collins and Price agreed that this broadly reflected their experience of the current market, with Collins noting that package policies were usually small bits of business traded online and with negligible rate increases.

Finally, tradesman has continued to see positive premium movements across 2024, though growth appears to be tailing off a little bit compared to 2023. This line finished the year with a 3.4% increase compared to Q4 2023 (see chart 8).

Commenting on combined liability and tradesman, Thomas noted that price increases being sought “will relate to insurers’ strength of underlying rating to sufficiently price for a level of attritional claims in the SME space, including slips trips, and construction site injuries, and the frequency of large loss incidents".

She emphasised that large claims and serious accidents can occur, particularly in employer's liability in manual trades.

"Health and safety practices and, critically, evidencing how these are enforced is so important for SMEs not only to support with avoiding the incident in the first place, but also protecting the business from downtime due to accident investigation and subsequent employee absence."

Set for softening

Looking at Q1 2025 and beyond, experts agreed that rates were likely to soften compared to recent years.

But Berry noted that while he was seeing trends suggesting there was downward pressure, he would not describe it as a soft market.

He said: "We're heading into a less positive rate environment, that's for sure. Carrying the sort of rate we've seen over the last couple of years, that time is gone. People will still carry rate this year across property and liability, but it will be less. We are in a changing market dynamic."

In addition, Bee predicted that 2025 would be similar to 2024 with lower premium increases than in 2022 and 2023.

He concluded: "There is going to be a bit more stability, and we're finding that more insurers are open for business. When there's more insurers around, there's a better chance of having a lower price to the client."

> ## 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%) indexes based on the portion of GWP each class of business represents in a typical commercial book.

The further indexes in the Acturis Premium Index covered in the text show year-on-year comparisons measured across £16bn 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.

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