The stats: Commercial rates reduce significantly in Q3 2025

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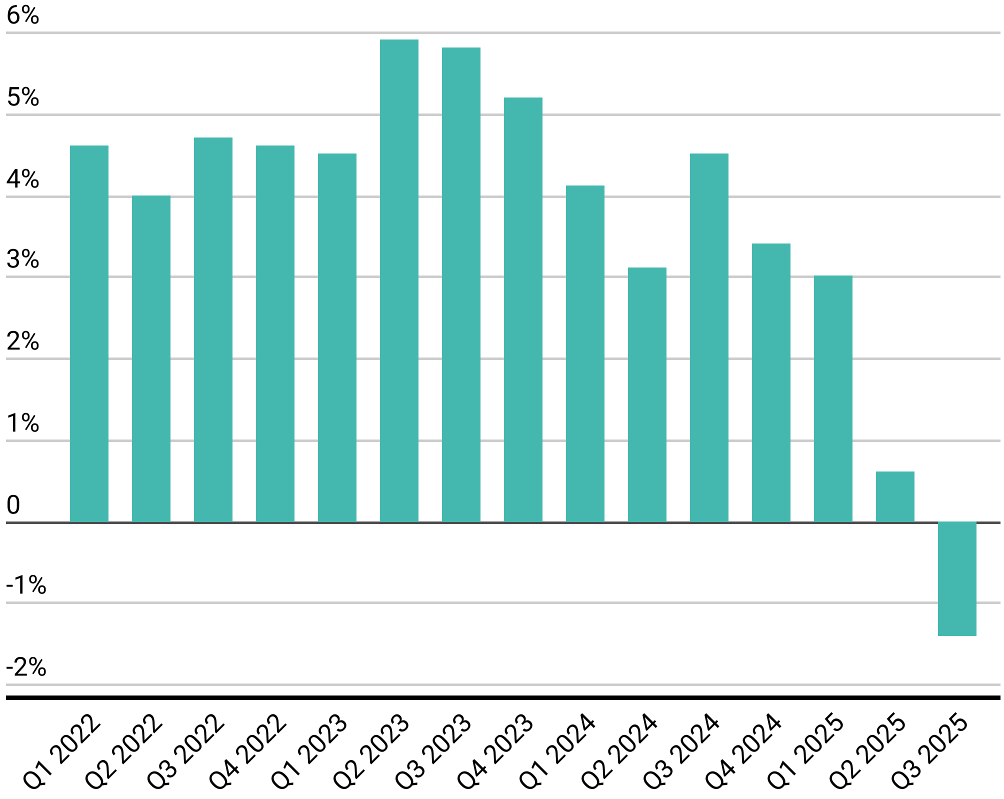
Indicative reading time: **9 minutes**

The value of a typical commercial book of business has fallen for the first time since 2018, driven by negative premium movements in commercial combined, property owners and combined liability, reports Ida Axling.

Rate movements in the commercial lines market have officially fallen into negative territory in the third quarter of 2025, according to the Acturis Commercial Broking Index.

The value of the index, which represents the average premium in a typical commercial book of business, fell by 1.4% year-on-year in Q3 2025.

Acturis Commercial Broking Index: Year on Year



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First time since 2018

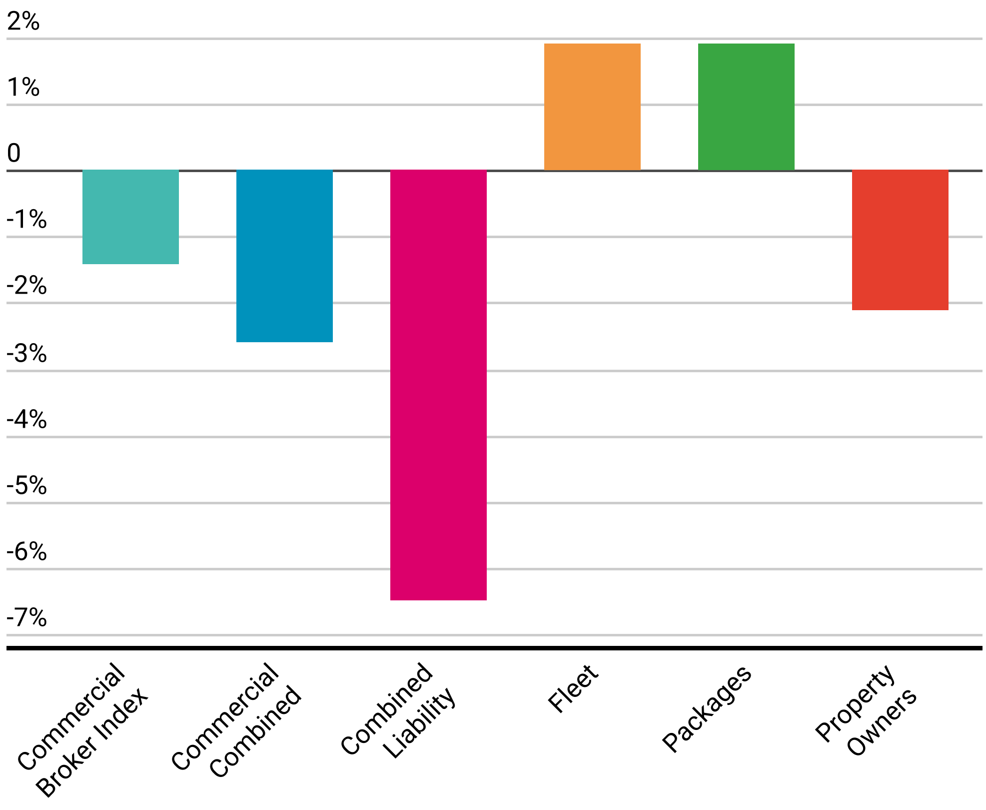
This is the first time since 2018 that its value has slipped into negative figures when compared to the same quarter in the prior year.

Industry experts confirmed to *Insurance Age* that they are indeed seeing a consistent softening of rates in a number of commercial lines, and predicted that this trend would continue for the next year to 18 months.

Acturis said the movement was driven by “notable decreases in average premium values” in three of the classes of business represented in the index: commercial combined, property owners, and combined liability.

Fleet and packages, as well as tradesman, have continued on their upwards trajectories, however positive movements in these product lines were smaller than they have been in recent quarters, and as a result they were not big enough to offset the decreases in the other classes of business.

Acturis Indices: Year on Year Comparatives by Quarter (% growth in average premium)



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Looking at the value of the index as a whole, there was consistent growth of 3% or more from 2022 until Q1 2025. As **reported in September**, the rate of growth slowed notably in the second quarter of this year.

Capacity

Nick Houghton, group CEO at JMG Group, said he agreed with the general premium movements reflected in the index.

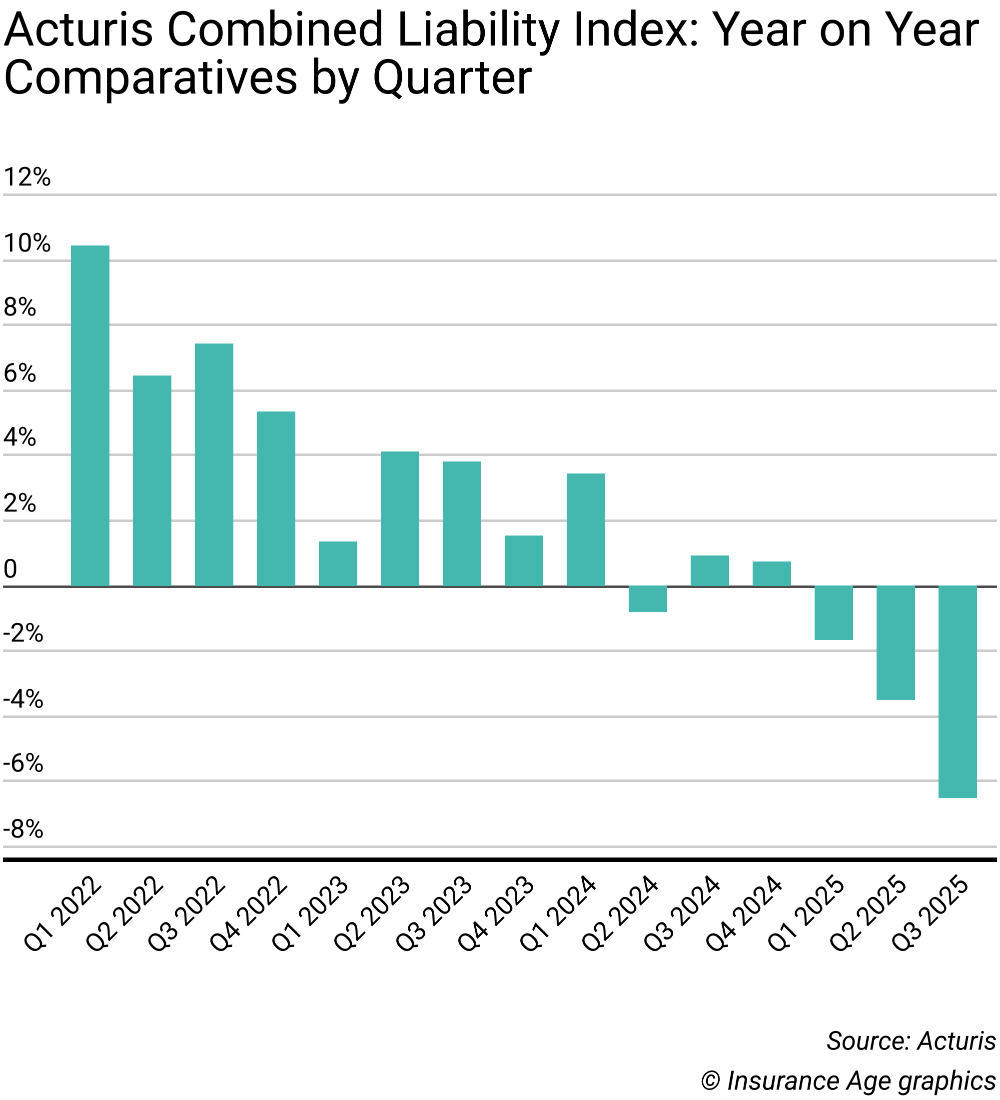
“An abundance of capacity in the market and a desire by insurers to offset rate reductions with new business is creating a feeding frenzy in areas,” he stated.

In a similar manner, Martin Parker, head of construction at Markel UK, noted that he was seeing soft conditions across all product lines. He put this down to increased insurer capacity and MGAs “competing aggressively on price and cover”.

“We’re seeing increasing competition among SME focused insurers as they continue to focus on digital product distribution and embedded insurance solutions,” he said, adding that this allows insurers to “reduce acquisition costs and reduce rating”.

The negatives

Zooming in to look at each line of business separately, the largest negative movement was recorded in combined liability, which was reduced by 6.5% compared to Q3 2024.



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This class of business is the lowest weighted in the index at 10%, but Acturis noted that it still had a “significant impact” on the combined value of the Commercial Broking Index this quarter.

Combined liability has experienced a clear decline in premium movements since the start of 2022, and this is the third consecutive quarter of negative figures reported by the software house.

Parker stated that casualty rates in both combined liability and commercial combined have reduced steadily during 2025, despite a reduction in inflation.

"Policyholders are benefitting here as insurers will use cover enhancements and higher limits to offer more benefit to keep and attract customers in addition to reducing rates," he added.

Neil Campling, executive chairman of Verlingue UK, agreed that casualty rates were falling more than others at the moment.

He commented: "I guess reserve releases following the reduction in the discount rate may have had an impact here, allowing carriers to be bolder."

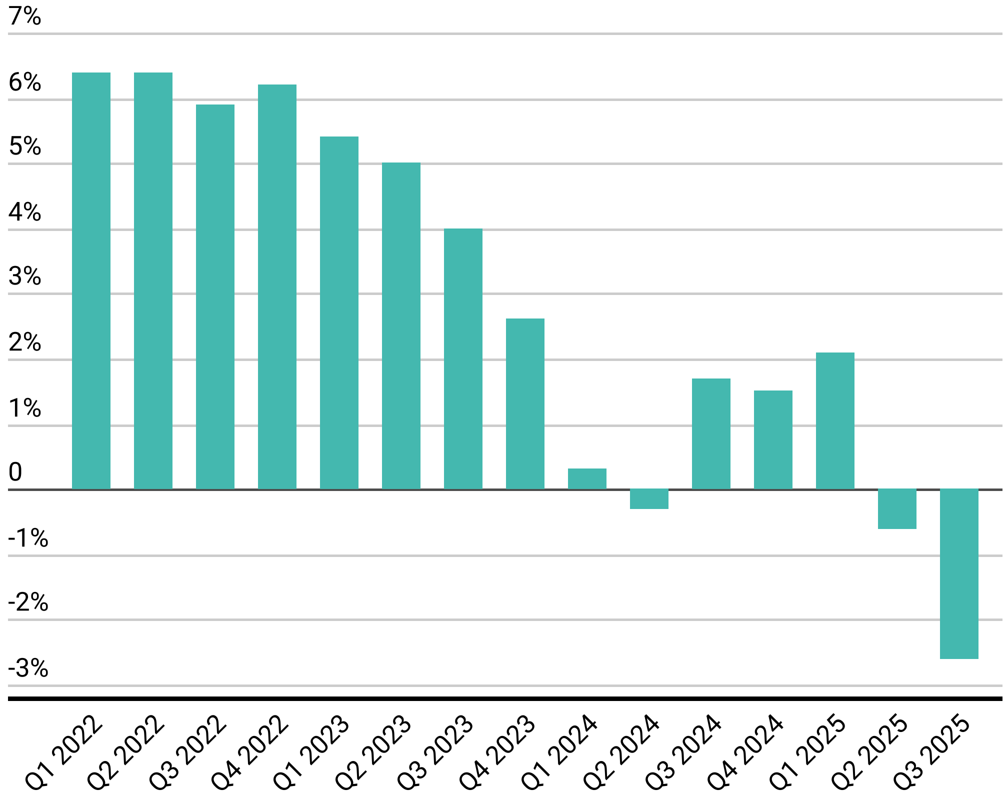
Campling stated that many providers "had a great 2024 and set more of the same targets" for 2025, an issue which he argued "must be a key factor" now pushing down rates.

"As it turned out everyone had the same idea, along with one or two sizable new entrants. This had the effect of softening the market early in the year, and it has not recovered since," he said.

Commercial Combined

Premiums in commercial combined, the most highly weighted class of business in the index, fell for the second consecutive quarter. The reduction was more significant in Q3, at 2.6% year-on-year.

Acturis Commercial Combined Index: Year on Year Comparatives



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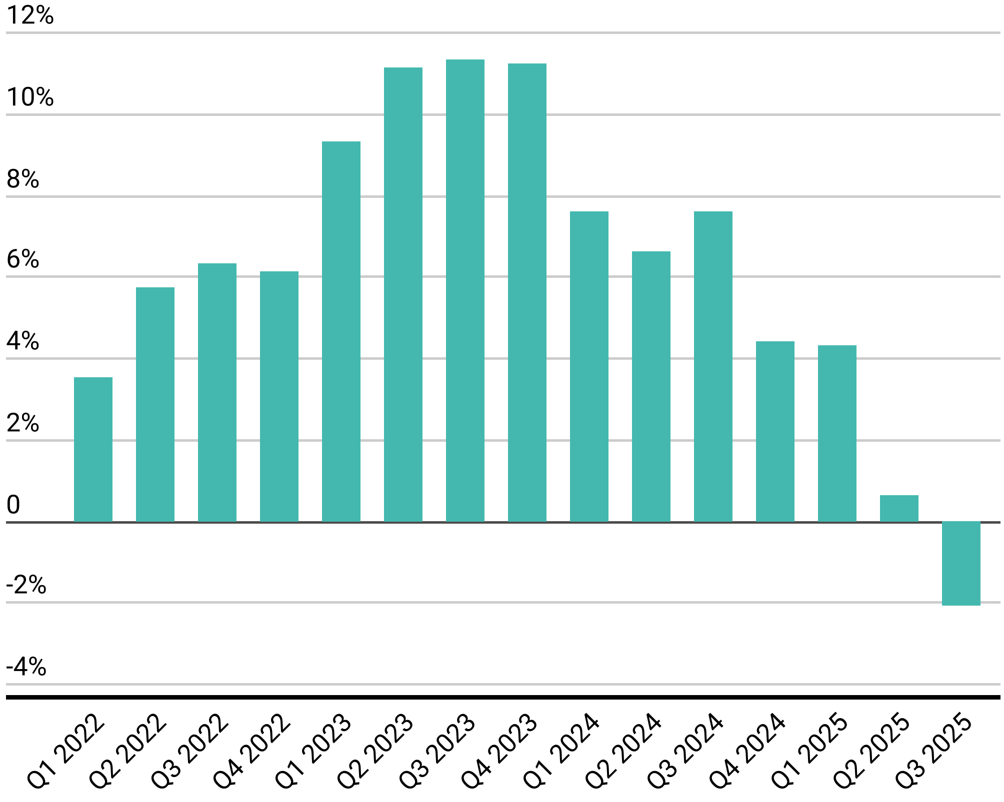
Campling noted that this negative trend reflected the movement he was seeing in both property and liability rates, and pointed to the "higher targets issue" having an impact in commercial combined as well.

Experts were unsurprised by the drop in premiums, though Campling said he had "hoped some carriers would have looked a bit harder at writing some more challenging risks, as in the main the softening has been in more vanilla areas".

Property Owners

Meanwhile, property owners saw its first negative movement for several years, falling by 2.1% in Q3 2025, compared to the same quarter last year. This class of business has previously had exclusively positive premium movements since the start of 2020.

Acturis Property Owners Index: Year on Year Comparatives by Quarter



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Acturis noted that the fall in Q3 was likely down to increased competition in the market, with insurers showing a strong appetite.

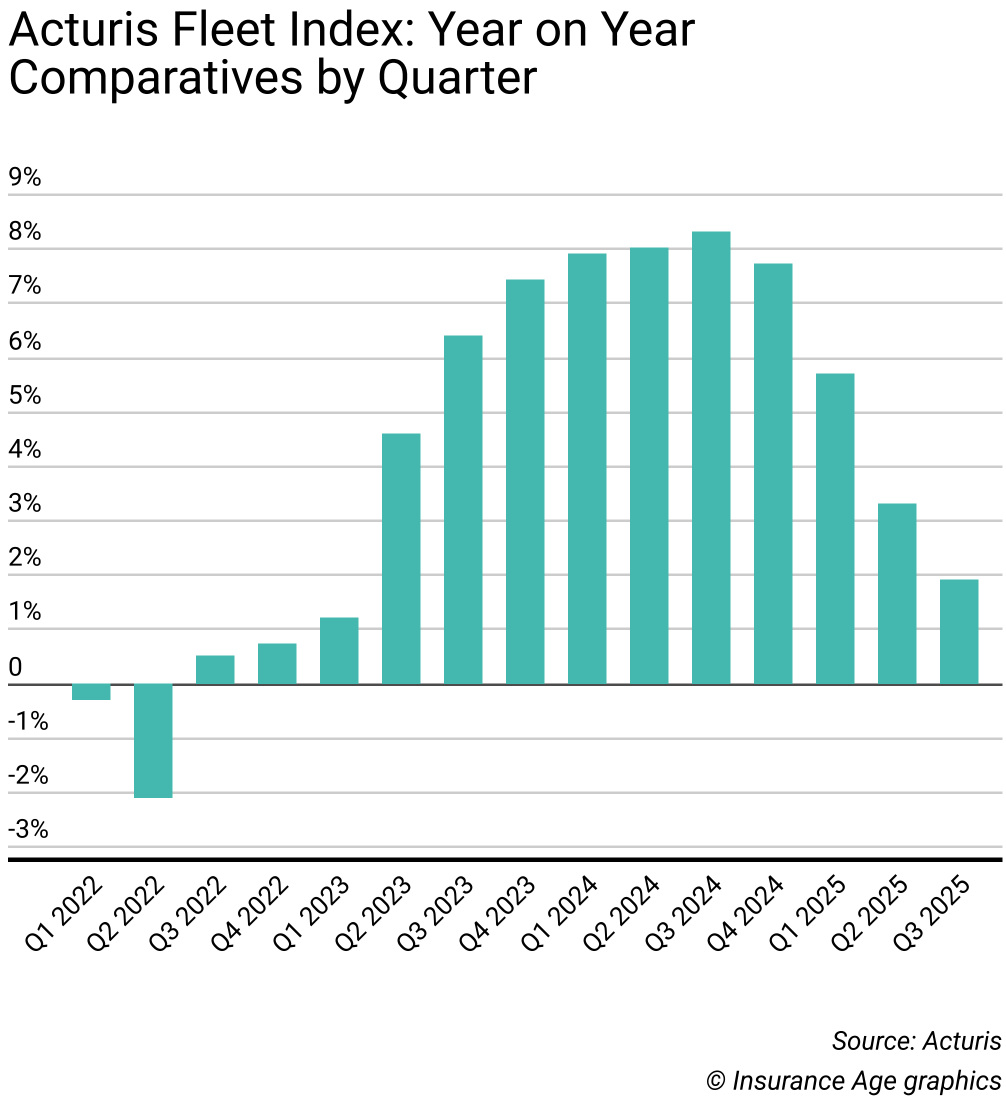
Brokers said property owners is generally a profitable line of business for insurers and MGAs, with a fair bit of margin to play with. They identified flooding as being an issue high on the agenda for providers currently.

“Securing cover for risks deemed to be in higher risk areas can be challenging at times, however there is still a lot of appetite out there,” Campling noted.

He continued: “It will be interesting to see if the FCA review on commission pay aways to managing agents and landlords impacts this market. If the overall level of commission reduces, the need for premiums to cover this would presumably reduce.”

The positives

Moving on to the product lines that are still experiencing premium growth, fleet – the second largest class of business in a typical commercial broker’s book – grew by 1.9% in Q3 2025.



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However, compared to 2024, when premiums rose by a minimum of 7.7% each quarter, fleet is also following a declining trend and Acturis predicted that negative premium movements are likely to be on the horizon in commercial motor.

Market experts agreed that fleet rates are still moving forwards, albeit slower than before, as a result of inflationary factors and the continuing increase in the costs of repairing vehicles.

“Margins for fleet business are always tight, and fleet rates have remained strong over the last few years,” said Campling.

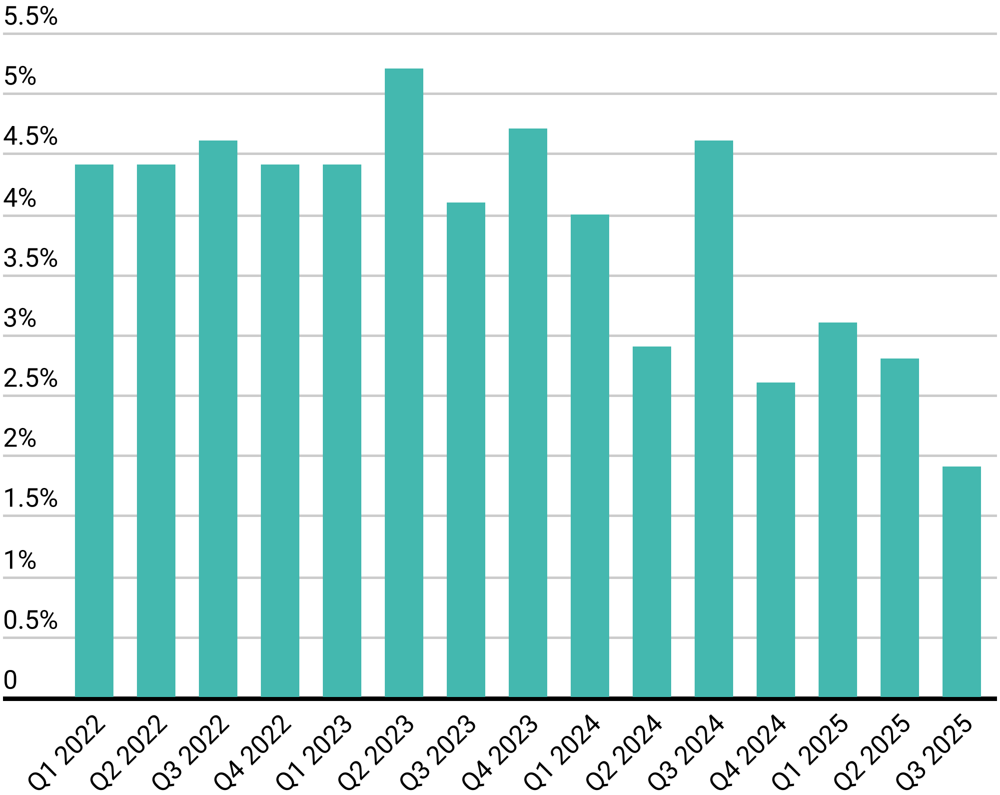
"That said there is always a good premium available for a good performing vanilla fleet."

Contrary to Acturis, he predicted that premium rates in fleet would continue to rise slowly in 2026.

Packages

Packages also grew by 1.9% compared to Q3 2024. Much like fleet, this line of business is also following a steady downward trend, with movements becoming consistently smaller starting in 2023.

Acturis Packages Index: Year on Year Comparatives by Quarter



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According to Parker, insurers in this space are increasingly becoming more focused on digital distribution for smaller businesses, with dataled pricing models “able to adapt to market changes and competitiveness quickly”.

“This is a stable market which has been digitised for years now meaning the premium movements are not as negative as other classes,” he said.

Campling agreed, stating that the use of technology to improve underwriting efficiency and delivery continues to evolve in packages.

“This must help overall costs and mitigate the need for increased premiums to cover claims,” he said.

Tradesman

Acturis also reports figures for tradesman, which saw the largest upward movement of the quarter at 3.3%, compared to the same quarter in 2024.

Parker said tradesman is a highly competitive space with providers competing mostly on price.

He continued: “Insurer margins in this space will be thin so premium reductions on a broad scale won’t really happen.

“Rising material and tool costs coupled with ever increasing tool theft incidents mean that overall tradesman premiums will not be impacted like other classes will.”

Continued softening

Asked about his predictions for the future, Houghton called on brokers to “brace themselves for another twelve to eighteen months of insurers competing for top line growth, putting downward pressure on rates, especially in more manually traded areas”.

He added: “I think rates will bump up and down rather than drop to the floor. We’ll have to wait for underwriting results in time to see the impact on insurers’ and MGAs’ combined operating ratios.”

Meanwhile, Parker predicted continued market softening in the short-term, with more insurers and MGAs competing for market share. He expected further reductions in combined and package classes as they become more commoditised.

“In the medium and long-term, the market will revert to where it was eighteen to twenty-four months ago when long-tail claims experience catches up,” he said.

Adding: “This market hardening could happen faster if claims inflation deteriorates or if any major catastrophe event occurs in the UK.”

Commenting on the near future, Campling said Q4 has “the potential to become a bit of a sale”, with providers keen to hit their year-end targets.

He concluded: “This year, unfortunately these targets may turn out to have been over optimistic. Q1 2026 could see the softening reduce with more realistic targets in place.”

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 £18bn 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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