The stats: Competition continues to drive down commercial premiums in Q2 2026

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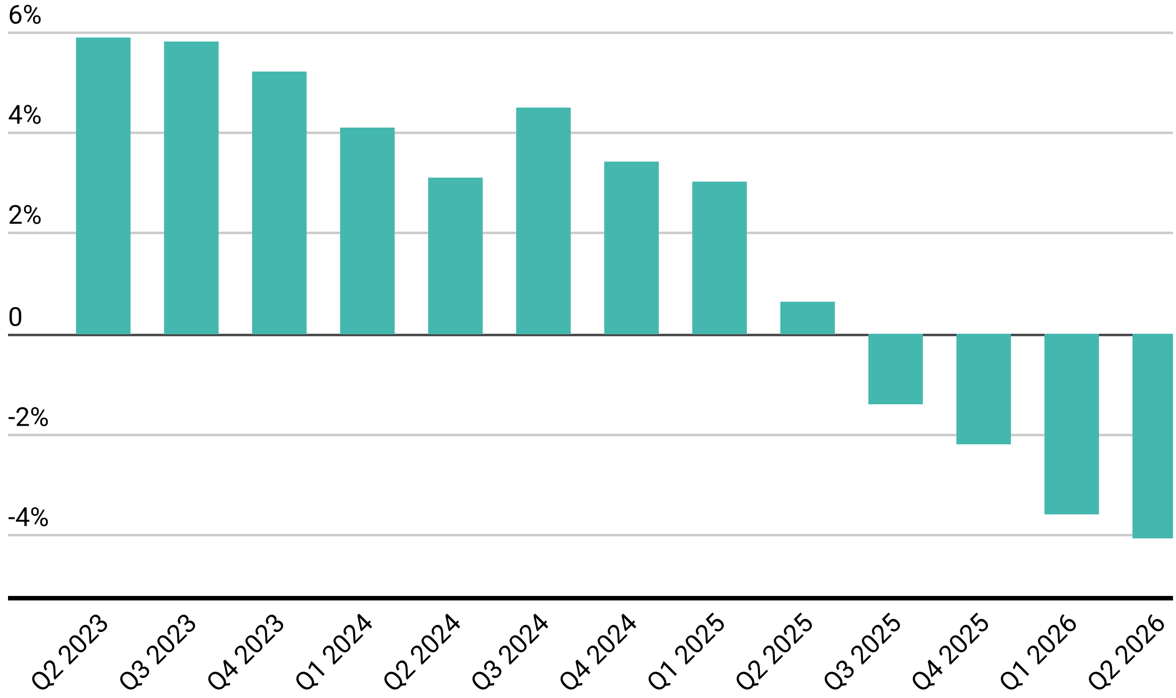
Commercial lines rates remained on a negative trajectory in the second quarter of the year across all classes of business covered in the Acturis Commercial Broking Index. Ida Axling investigates.

The value of the Acturis Commercial Broking Index, representing the average premium in a typical book of commercial business, was 4.1% lower in Q2 2026 than in Q2 last year.

This marks the largest decline since Acturis began putting the index together in 2010 and accelerates the trends seen in the last four quarters.

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



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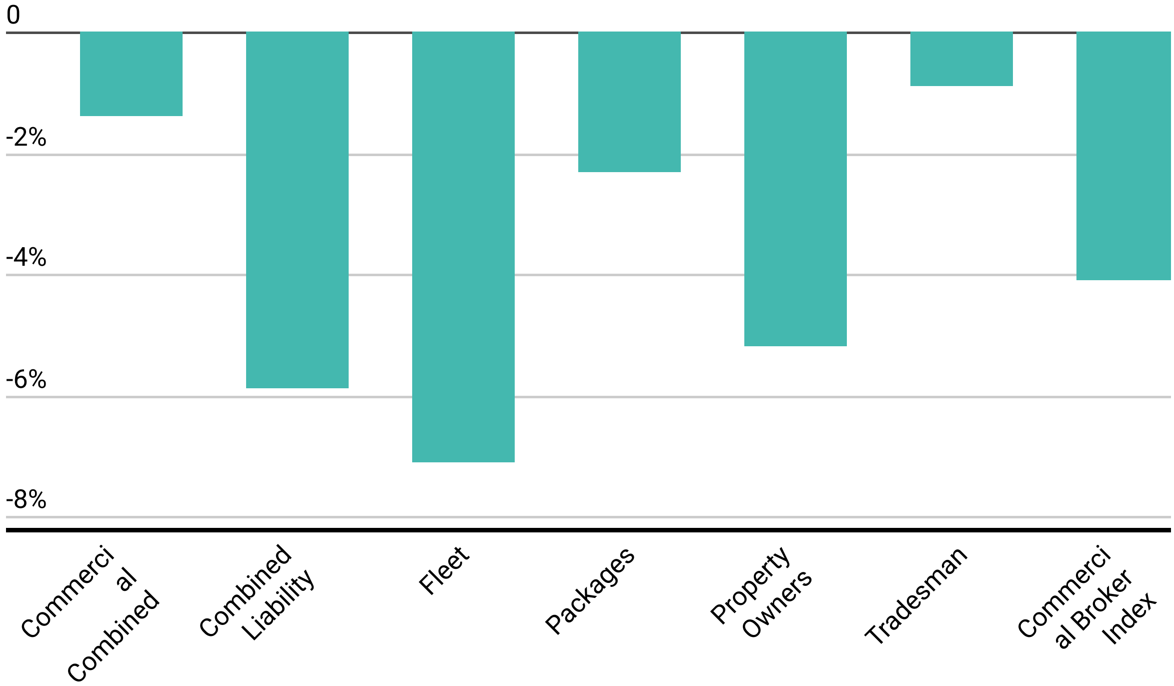
No class of business featured in the index escaped negative movements in Q2, and there were notable falls of more than 5% in combined liability, fleet, and property owners premiums.

Acturis Indices: year-on-year comparatives by quarter



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Katie Freemantle, managing director of FSB Insurance Service, said she couldn't see the market hardening again within the near future.

"The composites were saying at the end of last year that it would hopefully just be another six months or so, but they're not even trying to put a timeline on it anymore, and it's lasted a lot longer than anyone anticipated," she commented.

Nick Wright, chief development officer at Pen Underwriting, said competitive conditions were continuing to place sustained downward pressure on premiums, with many providers "remaining actively focused on retaining and growing market share".

He added: "MGAs have similar yet subtly different pressures from insurers – loss ratios are our lifeblood and always will be, and a soft market brings even greater demands to balance revenue growth and underwriting discipline in order to deliver the sustainable results and appropriate returns for our capacity partners, while seeking to remain competitive ourselves. Being competitive is not always just about cost – it's the total offering."

Pricing pressures

According to Wright, competition and pricing pressures have now also reached some of the more specialised areas of commercial lines in addition to the more standard classes of business represented in the index.

Taking the hazardous goods and industries sector as an example, he said Pen had long operated in this field alongside a limited number of niche players, adding: "But we are now seeing non-specialists actively trying to compete for this business, when this is a sector that requires really detailed knowledge and expertise."

Commercial combined

Zooming in to analyse each class of business individually, commercial combined, the most highly weighted product line in the index experienced a relatively modest decrease in average premiums of 1.4% year-on-year.

Acturis Commercial Combined Index: year-on-year comparatives b
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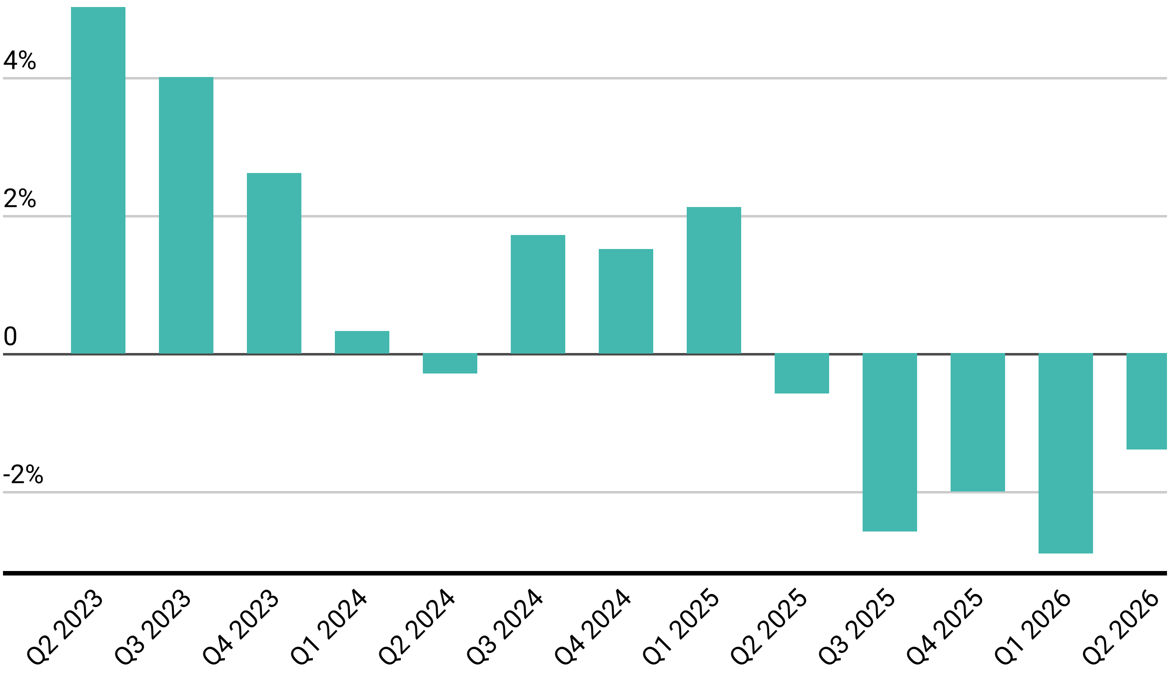

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Following declines of between 2% and 3% across the previous three quarters, Acturis said this could indicate some stabilisation. However, it was difficult to draw "any meaningful conclusions" from this quarter's data point alone, given it bucked the trend compared to the other product lines where negative movements were accelerating.

Neil Campling, executive chairman at Verlingue UK, agreed the rate reductions were consistent with what he was seeing in the market, with continuing premium falls throughout the year.

"Good quality risks shown to the market will attract a lot of interest. Most insurers are behind on income targets and are keen to write more new business," he commented.

Widening appetite

According to Campling, some insurers were starting to widen their appetite by offering broader cover. Noting that the trends in commercial combined were similar to those in combined liability, he added: "I expect the current trend to continue throughout 2026. Insurers remain profitable at the moment so the pressure to move rates up is not as great as it might otherwise be."

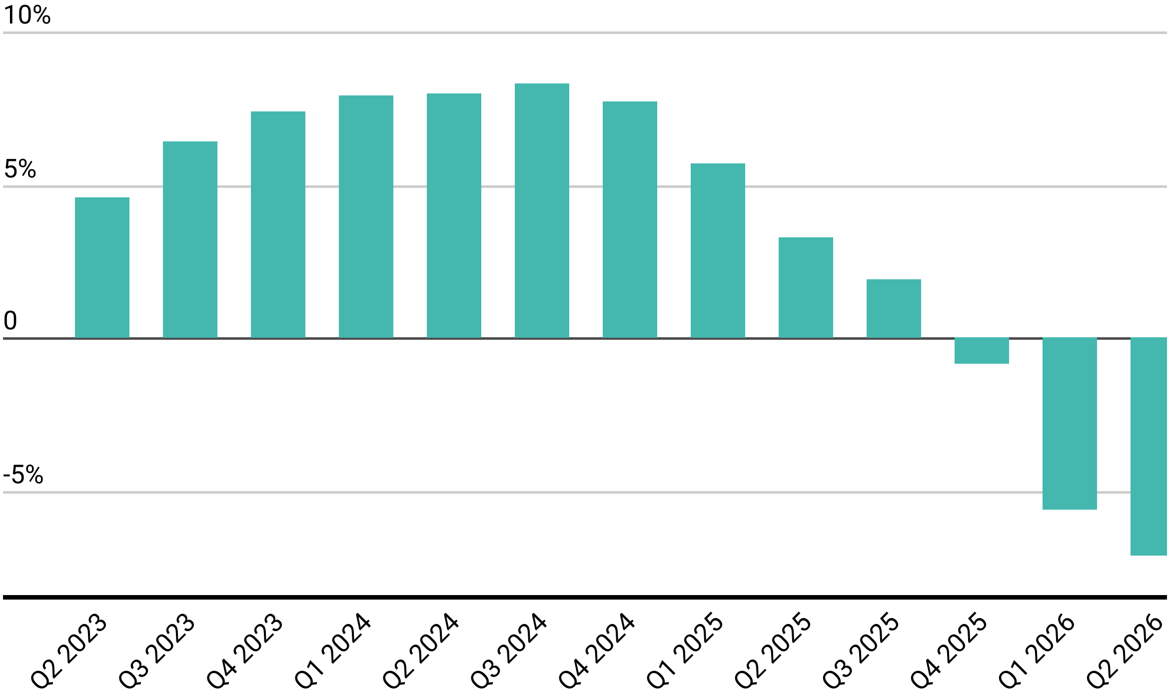
Freemantle said she hadn't seen much rate reduction in commercial combined, but highlighted that the bulk of FSB's clients are micro-SMEs and SMEs, where increases and reductions in premiums typically translate into smaller monetary amounts.

"We are benefiting from being able to do a lot more on the digital side that we may not have been able to do in the past at a competitive rate," she added, referring to some insurers adding contractors combined offerings to the Acturis platform.

Fleet

Moving on to look at fleet, premiums plummeted by 7.1% year-on-year, the largest negative movement reported in Q2. Fleet premiums previously increased consistently from 2023 until early 2025 when the rate of growth slowed, eventually turning negative in Q4 last year.

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



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"Fleet for us is totally baffling, and I'm not sure how there can be such reductions in price," Freemantle said.

She agreed fleet is a competitive area of the market, but expressed concern at claims not being handled as quickly as expected and issues with sourcing spare parts.

"It's not the end user's fault that they're paying less premiums, but they're being impacted by the poor claim service," Freemantle continued.

"I'm struggling to see how providers are able to facilitate those reductions in rates."

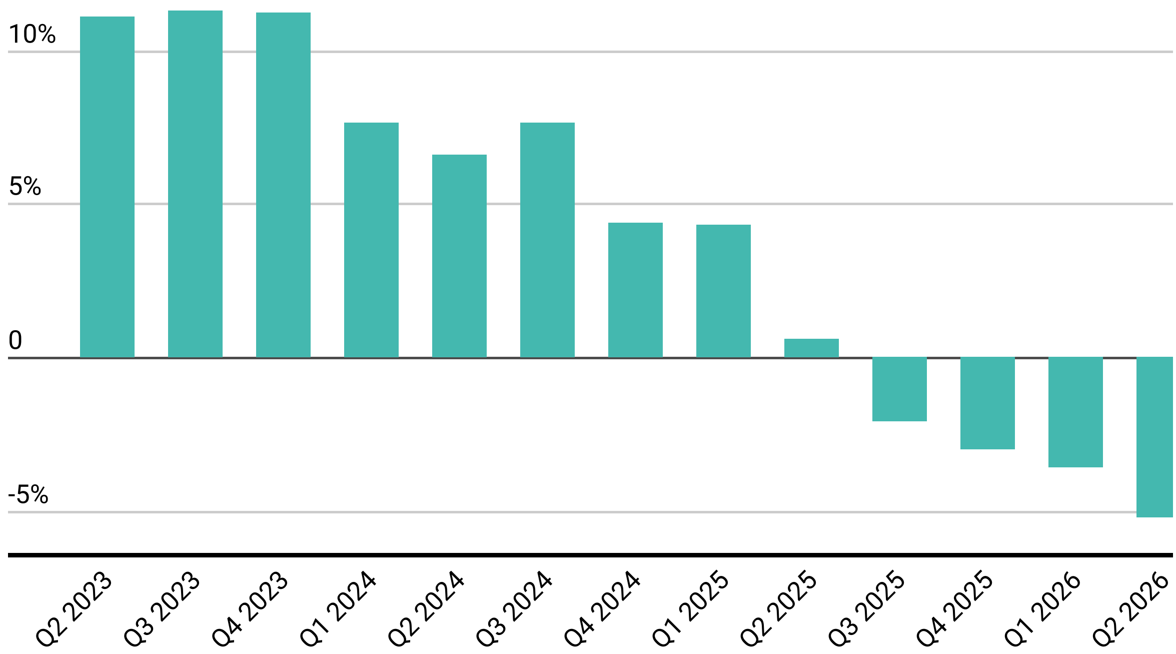
Echoing this sentiment, Campling said claims inflation kicking in meant he saw "more chance of an uplift" in 2027.

He added that more "risky business" was being retained in regional markets, "with less requirement of the London motor market".

Property owners

Property owners, following a similar trajectory to fleet, saw consistent positive movements tail off in 2025, a trend that has continued into this year. The size of the reduction has increased this quarter, with premiums declining 5.2% compared to Q2 2025.

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



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Acknowledging this trend, Campling argued claims inflation could start to have an impact on repair costs.

"The property owners sector also saw large rate reductions in 2025, so perhaps the bottom has been reached?" he questioned.

Wright was unsurprised that property owners, along with fleet and combined liability, saw relatively big premium reductions over the quarter.

“In terms of commonality, all three are lines of business attracting sizable premiums in many cases, meaning that retaining clients or winning new ones can have a meaningful impact on an insurer’s results,” he said.

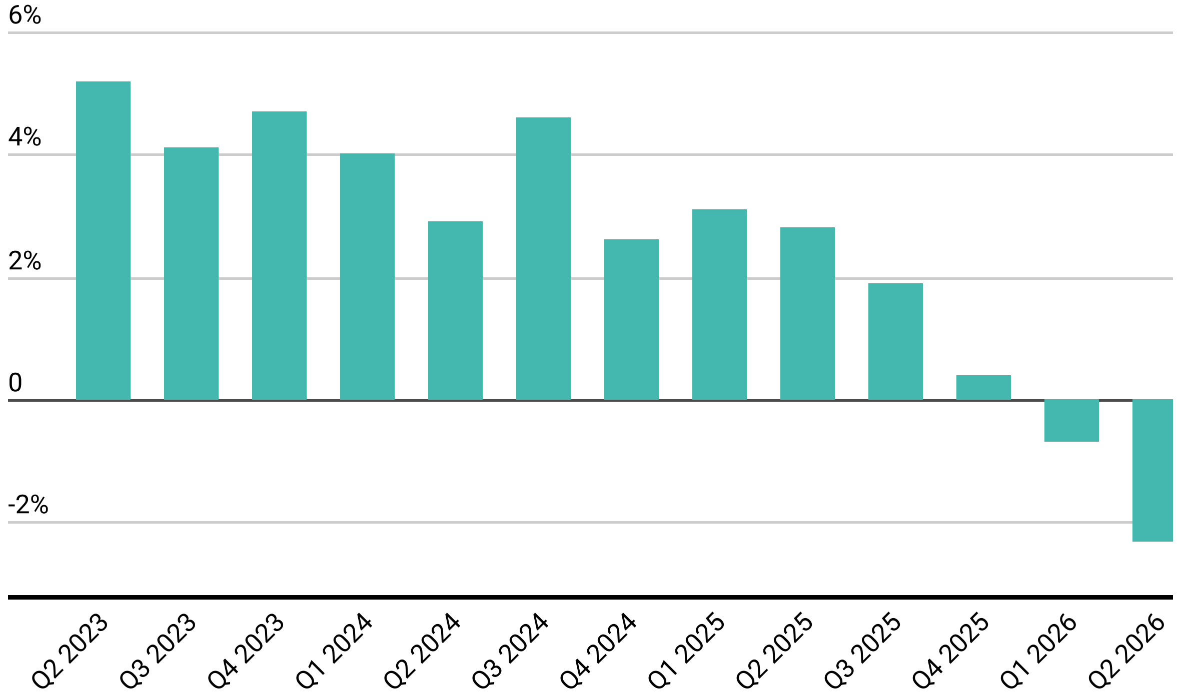
“Therefore, it is not surprising that these areas might be seeing even greater competitive pressures.”

However, he pointed out that the pace of deterioration had “moderated slightly” in Q2, suggesting this “may indicate that the market is beginning to approach a more stable phase, even if a clear floor has not yet been reached”.

Packages

Premiums in the packages index, meanwhile, dipped by 2.3% compared to Q2 2025, and Acturis stated the trends appeared similar to those in property owners three quarters ago.

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



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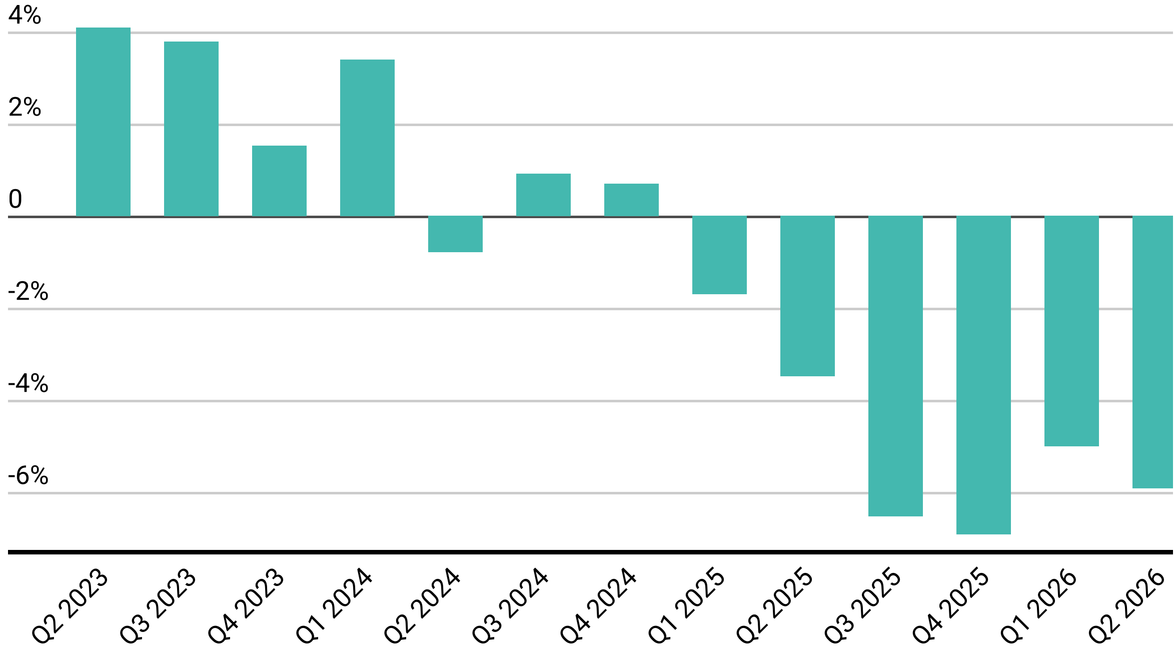
Consistent quarterly growth has slowed down and now turned negative for two consecutive quarters. If it continues to follow in property owners' footsteps, quarterly negative movements of 3% or more are to be expected in the second half of this year.

Campling said the figures were in keeping with what he was seeing "when cases go to market", adding: "Many insurers are seeing low retention rates, but record levels of new business. The rates being secured however are proportionately lower."

Combined liability has recorded four consecutive quarters of negative movements between 5% and 7%, and there were no signs of this slowing down in Q2 2026. Average premiums fell by 5.9%, which Acturis highlighted was consistent when looking at other classes in the index with liability components.

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



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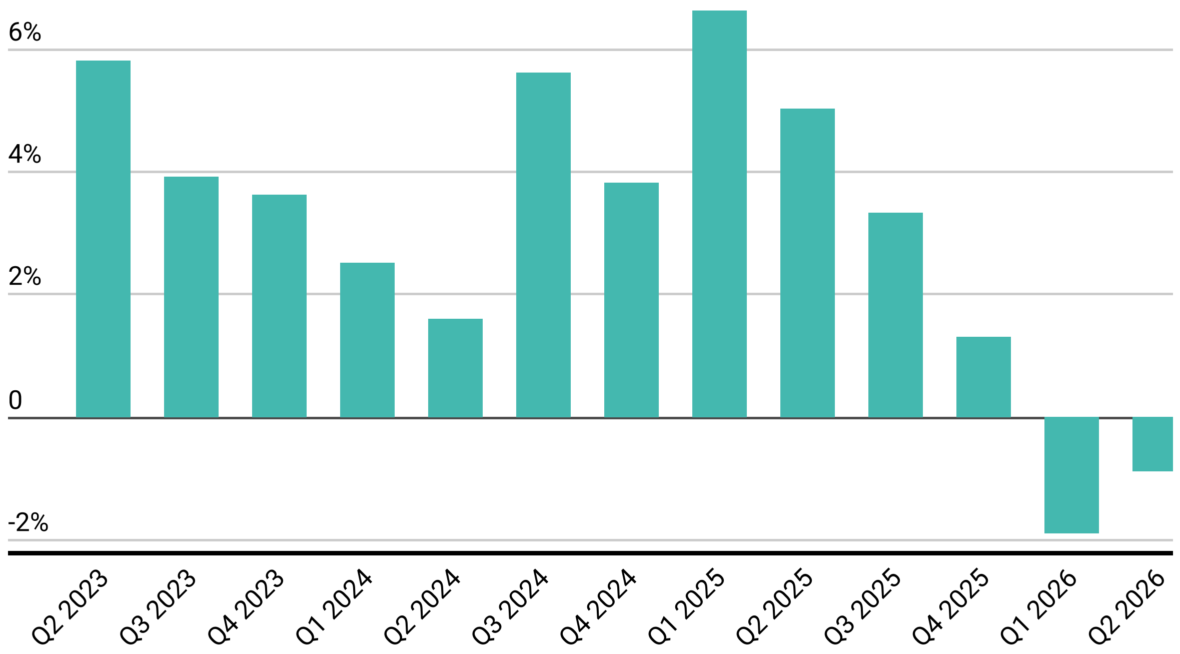
Tradesman

Finally, Acturis also provides data for tradesman but holds it separate from the commercial broking index portfolio. Tradesman premiums fell for the second quarter in a row and were down by 0.9% compared to Q2 2025.

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



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Freemantle said she was seeing similar trends in packages, combined liability and tradesman, with business continuing to grow rather than reduce, which she once again put down to many of FSB's clients being on the smaller end.

She continued, though, that she was finding a lot of dual pricing in the market, with providers hiking up the rates at renewal but offering cheaper prices to attract new business.

She blamed shortcomings in technology, stating: "There are some areas of tech that need to be looked at quite sharpish in terms of pricing – it doesn't seem to be adding up at the moment. From a Consumer Duty and treating customers fairly point of view, it's a bit of a worry."

Continued softening

Freemantle further hoped that premiums would remain static for the rest of the year instead of continuing to reduce and highlighted that the competitive nature of the current market was making things difficult for brokers.

"Having to explain to customers who have suffered from increases over the years why it's suddenly so soft and how insurers have been able to go so soft when they've been told a totally different message over the last few years has been very tricky, but we're managing," she reported.

Wright, meanwhile, emphasised the point that the main driver behind the current trends were financial results. "The fact that insurers remain well capitalised and keen to compete for and grow market share is sustaining current competitive pricing conditions," he said.

"That's to say, rates are falling because most insurers still appear sufficiently profitable to compete aggressively, rather than because the underlying risk environment has improved dramatically."

He concluded: "While soft market conditions look set to continue in the near term, the key question will be how long insurers can maintain this level of competition before underwriting margins begin to be squeezed."

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 £19bn 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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