

THE STATS

● They may have been late to the motor rate-rise party but at least commercial fleet rates are now in full upwards swing mode, according to the latest set of Keychoice Ratings.

While soaring private motor premiums have grabbed the market's attention in recent years, it appears that, somewhat under the radar, fleet figures have also got in on the act over the past 11 months, propelled, it would be safe to assume, by insurers reacting to motor claims inflation.

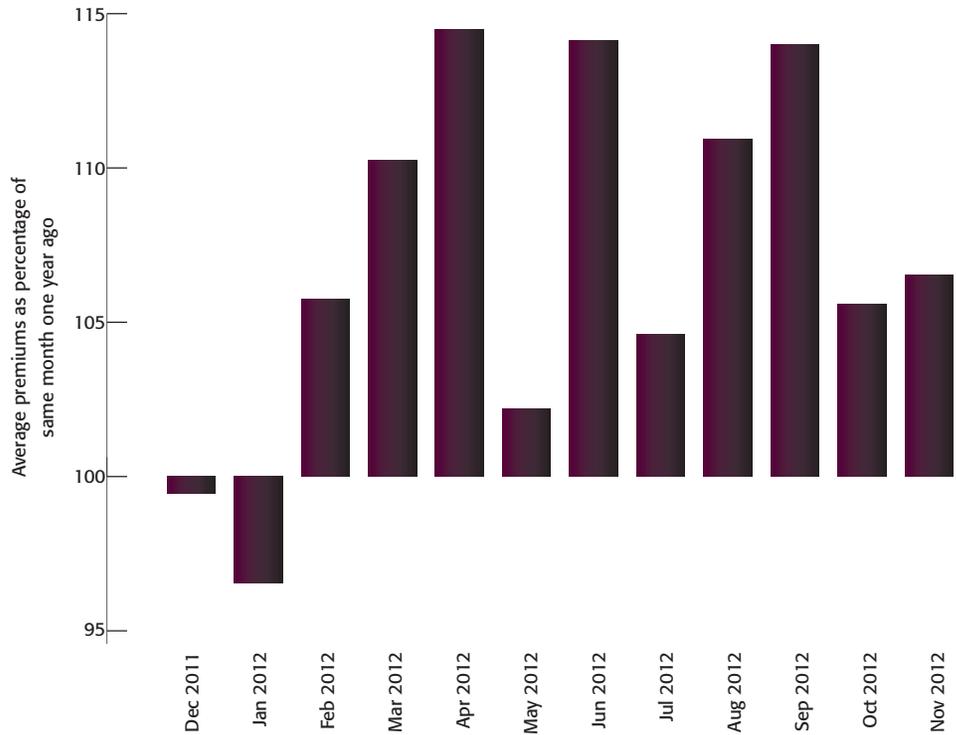
Indeed brokers will be buoyed to see that premiums rose comparatively for 10 of the 12 months featured in the latest index and that the increases did not tail off as the period came to an end. Which is why an air of optimism surrounds this line of business as experts gaze into their 2013 crystal ball.

All this despite a disappointing start for the index. Both December 2011 and January 2012 recorded slight premium drops compared to the same month the year before. One potential reason was the annual rate-slash by all involved in insurance to hit their yearly policy quotas.

As 2012 progressed, premiums began to post increasingly positive returns. February and March recorded strong premium rises with growth of 5.76% and 10.26% respectively. This was followed by April producing the strongest growth of the year with a healthy 14.5% premium uplift.

And although May responded with a comparatively small rise of 2.18%, at least growth was still in evidence. This continued to be the case throughout the second half of 2012, culminating in November's steady 6.53% premium growth rise.

Keychoice Ratings: Motor fleet



Overall, between February and November 2012, the monthly premium rise averaged 8.85% and the consensus is that this should continue throughout 2013. In fact, if strong double-digit growth could be achieved it would be most welcome. While rates were on the rise during 2012, there was a feeling that they were still playing catch-up with the strong bout of claims inflation the market was forced to contend with.

So, as the dust settles on 2012, the challenge identified by most market players is for rates to carry on in the same vein, with a little bit extra to boot. Rather than reacting to claims inflationary pressures, fleet rates should be increasingly on the front foot. Instead of being fashionably late, could commercial motor fleet premiums be the trend setter this year?

A.M. Best Company: Top 10 total commercial motor insurers in the UK

Rank 2011	Rank 2010	AMB	Company Name	Rating	Ultimate Parent	GWP (£000s)	Underwriting Result* (£000s)	Combined Ratio (%)	Loss Ratio (%)
1	1	86257	Royal & Sun Alliance Insurance	NR	RSA Insurance Group	602,159	-40,677	106.3	99.1
2	2 ¹	86524	Aviva Insurance	A ³	Aviva	540,858	-65,316	114.1	89.3
3	3	86373	Allianz Insurance	A+	Allianz SE	308,026	43,431	83.1	67.2
4	4	85012	NFU Mutual	NR	NFU Mutual	284,566	27,245	88.1	69.6
5	5	86126	QBE Insurance (Europe)	A	QBE Insurance Group	241,161	-1,846	N/A	N/A
6	6	92588	Axa Insurance UK	NR	Axa S.A.	211,306	-31,225	115.3	89.3
7	7	84154	Highway Insurance Company	NR	LV=	162,047	-8,371	105.7	85.7
8	8 ²	87648	UK Insurance	NR	Royal Bank of Scotland Group	100,868	-43,707	158.8	125.0
9	12	87233	Ageas Insurance	NR	Ageas N.V.	100,467	-1,071	100.3	80.7
10	9	84116	Tradex Insurance Company	NR	N/A	91,363	2,377	56.4	100.8

* Underwriting result excludes investment income. Some ratio figures are not available (N/A) because more than 1% of these companies' commercial motor insurance business is accounted for on an underwriting year basis, for which earned premiums is not disclosed on the FSA return. Figures in above table are based on FSA returns of financial year 2011 for total commercial motor insurance business (reporting category 220). ¹ 2010 ranking relates to Aviva Insurance UK Ltd which transferred its portfolio into Aviva Insurance Limited. ² 2010 ranking relates to National Insurance and Guarantee Corp Ltd which transferred its portfolio into UK Insurance Limited. [3] Rating relates to AMB 78733 Aviva Insurance Limited.
Ratings as of 28 November 2012. Source: A.M. Best's Financial Suite - Best's Statement File - UK