THE STATS

● Historically, high net worth (HNW) has been attractive business to write. Client loyalty and big-ticket products are just two qualities which undoubtedly appeal to brokers. Throw rising premiums into the mix and it's a match seemingly made in broking heaven.

Indeed, last year premiums were up compared to 2011's rates for 10 out of the 12 months. Furthermore, the average monthly premium rise was 8.6%. Even more noteworthy was that the HNW market played out its business against a backdrop of relative flux.

In 2011 the market witnessed eye-catching acquisitions by key players such as RSA's swoop for Oak Underwriting. And a report released by Defaqto last year warned HNW brokers to batten down the hatches in the face of a growing market-share onslaught from banks and direct providers.

However, despite these changes and warnings, rates continued to buck the trend. This was largely fuelled by 2012's flooding events, which hit claims especially on the household side, forcing specialist insurers to hike rates. In particular, heavy rainfall in Wales, the South West and high winds in Scotland throughout the year had a knock-on effect.

With increasing capacity provided by new entrants, as well as the range of products also growing in the market place, insurers have been forced to strike it right between premium rises and competitive pricing. For, although the high net worth arena is famous for its strong relationships, customers have become noticeably more price savvy. As one industry expert cited: "There's a balance between insurers looking for rate increase with being aware that customers have got a finite wallet to purchase their insurance.

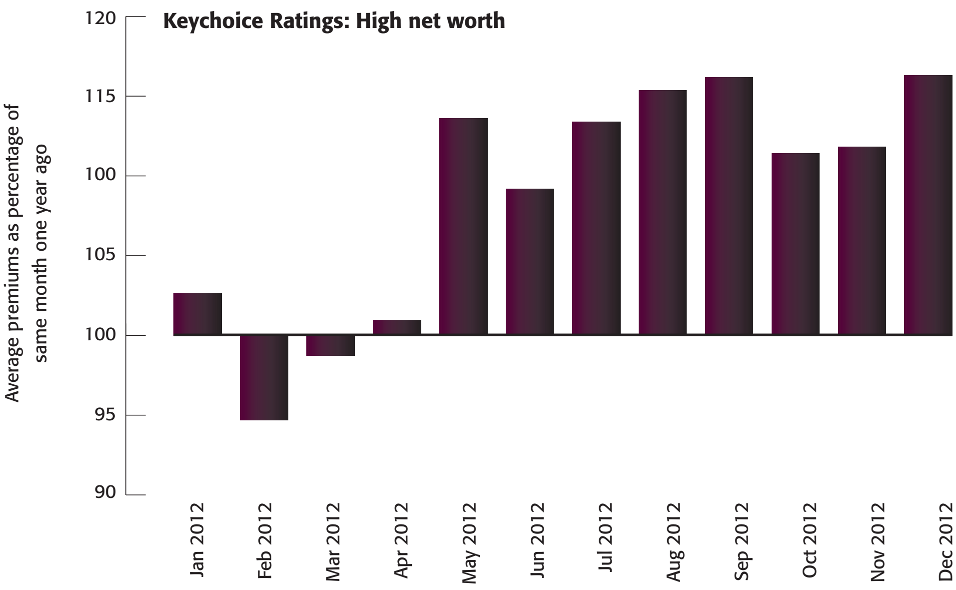
"There are definitely options out there to write business, people are shopping around."

The growing menace of a triple-dip recession should ensure customers remain equally price focused and demanding throughout 2013. But, despite this, the general mood is that the market will continue to replicate 2012's performance with further rate growth on the agenda this year.

So, back to those 2012 figures to see the indicators of what the sector may expect, although as ever the caveat of no promises remains in force. The first four months of the year began in relatively modest fashion. January and April recorded meek rises of 2.67% and 0.95% while February and March witnessed premiums fall by 5.32% and 1.27% respectively.

But May heralded the start of the year clicking into gear with a lofty 13.6% premium rise. And this was followed by a further seven months of consecutive premium rises with July (13.4%), August (15.4%), September (16.2%) and December (16.3%) all recording notable and healthy increases.

Indeed, the statistics would seem to prove that despite the reported influx of new entrants to the market there remained plenty of scope for premium growth. The market's customary USPs of bespoke service, specialist and flexible underwriting, together with tailored policies appear to still be winning over demanding customers despite price rises. Here's to 2013.



A.M. Best Company: Top 10 total property and casualty insurers in the UK

Rank 2011	Rank 2010	AMB	Company Name	Rating	Ultimate Parent	GWP (£000s)	Underwriting Result* (£000s)	Combined Ratio (%)	Loss Ratio (%)
1	3[1]	86524	Aviva Insurance	A[2]	Aviva	4,452,784	-189,468	104.4	69.5
2	1	86257	Royal & Sun Alliance Insurance	NR	RSA Insurance Group	3,966,807	-112,850	104.6	72.1
3	12	87648	UK Insurance	NR	RBS Group	3,557,547	-76,279	105.2	69.7
4	2	92588	Axa Insurance UK	NR	Axa S.A.	3,092,874	-148,577	104.1	72.8
5	6	84804	Bupa Insurance	NR	Bupa	2,153,516	104,964	94.5	75.6
6	4	87416	AIG Europe	A	AIG	2,148,438	-42,014	102.7	69.3
7	5	86485	Ace European Group	A+	Ace	2,119,591	42,966	97.0	58.1
8	7	86160	Great Lakes Reinsurance (UK)	A+	Munich Reinsurance Company	1,911,364	32,833	N/A	N/A
9	10	86373	Allianz Insurance	A+	Allianz SE	1,763,088	69,892	93.9	62.2
10	11	86126	QBE Insurance (Europe)	A	QBE Insurance Group	1,279,613	-70,129	N/A	N/A

* Underwriting result excludes investment income. Some ratio figures are not available (N/A) because more than 1% of these companies' property and casualty 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 property and casualty insurance business (reporting category 002). [1] 2010 ranking relates to Aviva Insurance UK Ltd which transferred its portfolio into Aviva Insurance Limited. [2] Rating relates to AMB 78773 Aviva Insurance Limited.
Ratings as of January 9, 2013. Source: A.M. Best's Financial Suite - Best's Statement File - UK