

THE STATS

● In contrast to its more volatile private car counterpart, motorbike premium stats are recognised as being a more reliable member of the motor family.

So while private car rates have fluctuated in recent years, headlined by the huge 2009 increases, motorbike premiums have enjoyed a comparatively more benign, steady rise.

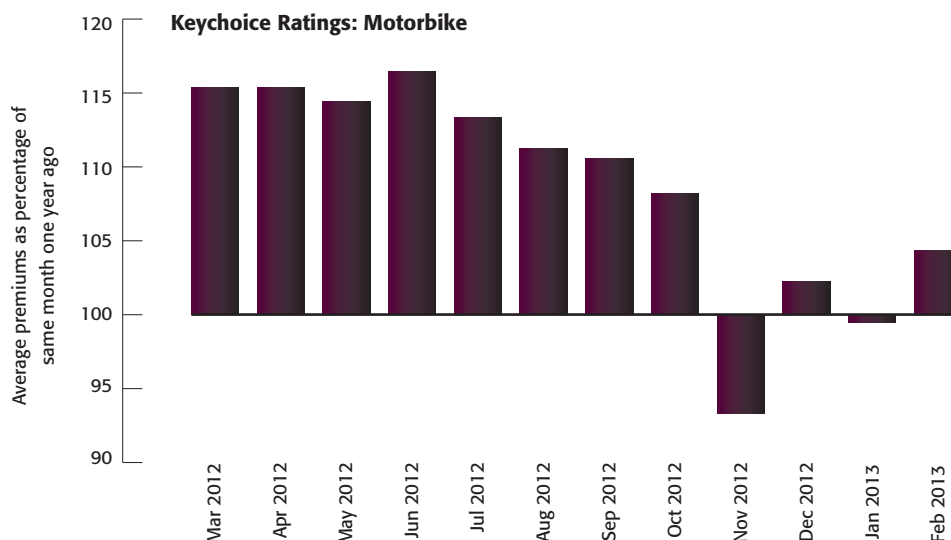
Indeed, despite a recent wobble, the last 12 months have recorded average monthly premium growth of 8%.

A relatively small market in terms of capacity, a lack of new entrants and well-judged underwriting, added to small amounts of fraud activity are some of the factors behind the fact that brokers have seen steady premium rises with the odd variation rather than the wild oscillations of the car market.

And this is despite the on-going challenge of an ever decreasing pool of motorcyclists, with disposable incomes being squeezed, impacting on people's leisure choices. In this mature market, according to market experts, the number of new motorcycle registrations applied for has dropped from some 111,000 in 2009 to around 93,000 last year.

Other industry operators have also told *Insurance Age* that they have experienced average rate rises of 6% over the past 12 months – slightly more modest than those recorded by Keychoice, yet growth nonetheless.

Furthermore, 2012 is now regarded as a low exposure year for the market, thanks largely to the UK's wettest summer for more than a century. During the peak riding season, bikes were left locked up in garages as their owners opted to not venture out in the heavy and consistent bursts of rainfall.



Returning to the detail, a closer look at the statistics reveals an extremely strong premium performance between March 2012 and September 2012.

Premium rises were consistently above 10% compared to the same month the previous year, with June in particular recording 16% premium growth.

Yet following this year high, the rate of premiums rises began a steady period of decline with October recording slightly lower growth of 8%.

However, the brakes were applied hard for November as premiums suddenly fell by 7% compared to the year before.

December staged a mild recovery, posting a premium increase of 2%, yet January 2013 continued the trend of uncertainty by

registering another premium decline of 0.5% when matched with January 2012.

Most recently, motorbike premiums rallied for February 2013, posting a 4% increase.

And as for the outlook over the next 12 months, the market prediction is one of more overall rate growth, although less spectacular than last year's performance.

Most forecasts are for 4% premium growth, largely influenced by the benign claims experience of 2012 versus the need to stay abreast of other inflationary factors.

However, if the UK were to enjoy an overdue long, hot summer this year, which in turn encouraged people to get back on their bikes, increasing the risk of claims, then underwriters could well put their foot on the premium accelerator once more.

A.M. Best Company: Top 10 personal 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	8	87648	UK Insurance ¹	NR	RBS Group	1,626,775	-54,107	111.4	85.0
2	2 ²	86524	Aviva Insurance	A ³	Aviva	1,218,094	-50,442	104.7	85.1
3	4	87864	LV Insurance Company	NR	LV Friendly Society	805,194	26,674	96.3	72.5
4	7	86160	Great Lakes Reinsurance (UK)	A+	Munich Reinsurance Company	759,470	1,737	N/A	N/A
5	3	86257	RSA	NR	RSA Insurance Group	638,652	-75,455	112.1	89.8
6	5	92588	Axa Insurance UK	NR	Axa S.A.	616,410	-108,361	120.7	100.8
7	21	49268	Tesco Underwriting	NR	Tesco	560,098	-4,201	104.2	91.7
8	9	87233	Ageas Insurance	NR	Ageas N.V.	467,747	29,283	92.9	76.6
9	11	78186	CIS General Insurance	NR	Co-Operative Group	457,411	-72,244	115.2	95.1
10	10	84803	esure Insurance	NR	Lloyds Banking Group	412,591	9,026	97.3	76.0

* Underwriting result excludes investment income. Note: Some ratio figures are not available (N/A) because more than 1% of these companies' personal lines 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 personal lines motor insurance business (reporting category 120). ¹UK Insurance Limited includes the business of Direct Line Insurance Limited (ranked 1 in 2010) and Churchill Insurance Company Limited (ranked 6 in 2010) which transferred their portfolios.

²2010 ranking relates to Aviva Insurance UK Ltd which transferred its portfolio into Aviva Insurance Limited. ³Rating relates to AMB 78773 Aviva Insurance Limited.

Ratings as of March 12, 2013. Source: A.M. Best's Financial Suite - Best's Statement File - UK