

## THE STATS

● While the professional indemnity (PI) market for solicitors has been in the spotlight recently, the fact is that the PI sector overall does seem to be showing consistent signs of rate hardening.

The six months from September 2012 to February 2013 saw professional indemnity premiums at a level below where they were in the preceding twelve months. October last year was a particular low point, at 83% of the prior year's premium.

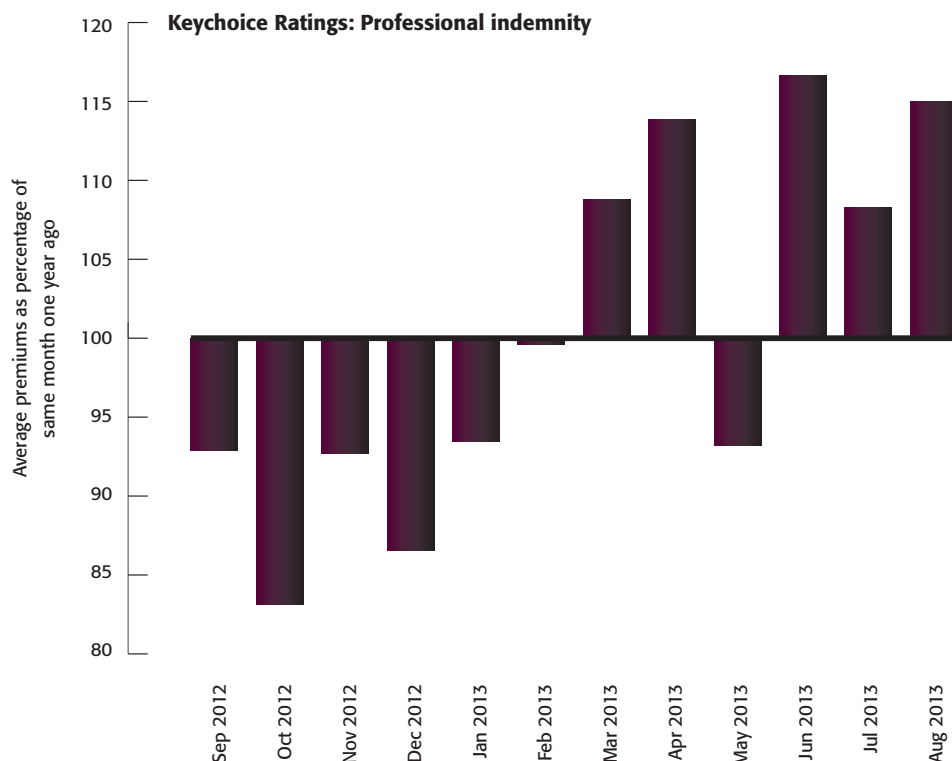
However, there has been a notable uplift in premiums since March 2013. Aside from a slight blip in May, prices have stayed well above what they were in the first eight months of 2012 – reaching a high in June, when average premiums were 117% of what they had been in June 2012.

However, according to one market source, these gains have not been a universal experience. The 'trendier' sectors, such as technology or media professions, have remained pretty much flat as the industry is still quite aggressive on this business.

On the other hand, higher-risk trades, such as surveyors, architects or lawyers, have shown definite signs of hardening.

This has come as welcome news to industry figures. One said: "The market has been soft for so, so long – certainly I don't think there's much further that premiums can fall."

The low premiums that had been available in the high-risk trades have shown significant increases, and it is predicted that they will jump again in October 2013, when



the solicitors' professional indemnity (PI) renewal period comes to a close.

The reason behind this change in fortunes for the professional risks market has been put down to a reduction in the number of providers in existence. Certainly the solicitors' PI market of late has provided

ample evidence of this. With the likes of XL deciding to reduce their market share, and the well-documented withdrawals of both Balva and Berliner in recent months, the remaining players in the market are well positioned to quote whatever premiums they like.

### A.M. Best Company: Top 10 total personal financial loss insurers in the UK

Rank 2012	Rank 2011	AMB	Company Name	Rating	Ultimate Parent	GWP (£000s)	Underwriting Result* (£000s)	Combined Ratio (%)	Loss Ratio (%)
1	1	90661	British Gas Insurance	NR	Centrica	1,056,661	80,603	92.5	52.0
2	3	86373	Allianz Insurance	NR	Allianz SE	391,440	33,407	88.4	61.9
3	2	87648	UK Insurance	NR	Direct Line Insurance Group	390,657	141,593	68.9	35.9
4	6	86257	Royal & Sun Alliance Insurance	NR	RSA Insurance Group	297,325	32,342	89.3	60.6
5	4	86524	Aviva Insurance	A <sup>1</sup>	Aviva	266,798	5,783	98.2	16.9
6	5	85812	Financial Insurance Company	NR	Genworth Financial	245,203	-11,683	116.2	24.0
7	7	87319	Domestic and General Insurance	NR	Domestic & General Group	181,817	26,404	84.8	42.5
8	9	87310	DAS Legal Expenses Insurance Company	NR	Munich Reinsurance Company	145,269	10,200	92.9	41.1
9	12	87438	London General Insurance Company	A-	Onex Corporation	114,586	10,473	85.6	28.2
10	8	87802	Pinnacle Insurance	NR	BNP Paribas SA	112,235	-8,713	108.0	32.6

\* Underwriting result excludes investment income. Figures in above table are based on FSA returns of financial year 2012 for total personal lines financial loss insurance business (reporting category 180).

<sup>1</sup>Rating relates to AMB 78773 Aviva Insurance Limited.

Ratings as of September 4, 2013. Source: A.M. Best's Financial Suite - Best's Statement File - UK