THE STATS

● The motor fleet market has been all over the place during the past 12 months, as is evident from even a cursory glance at the most recent Keychoice Ratings.

This time last year, *Insurance Age* reported that fleet rates were in "full upwards swing mode", and indeed 2013 got off to an excellent start. Last January, fleet premiums were approaching 130% of what they had been in the preceding year. However, the first half of the year showed an extremely volatile pricing pattern, with premiums moving above and below where they were in 2012 on a monthly basis. In the second half of the year prices had dropped to less than 100% of 2012 levels on a fairly consistent basis – only in September did they manage to creep back up above the 100% line again.

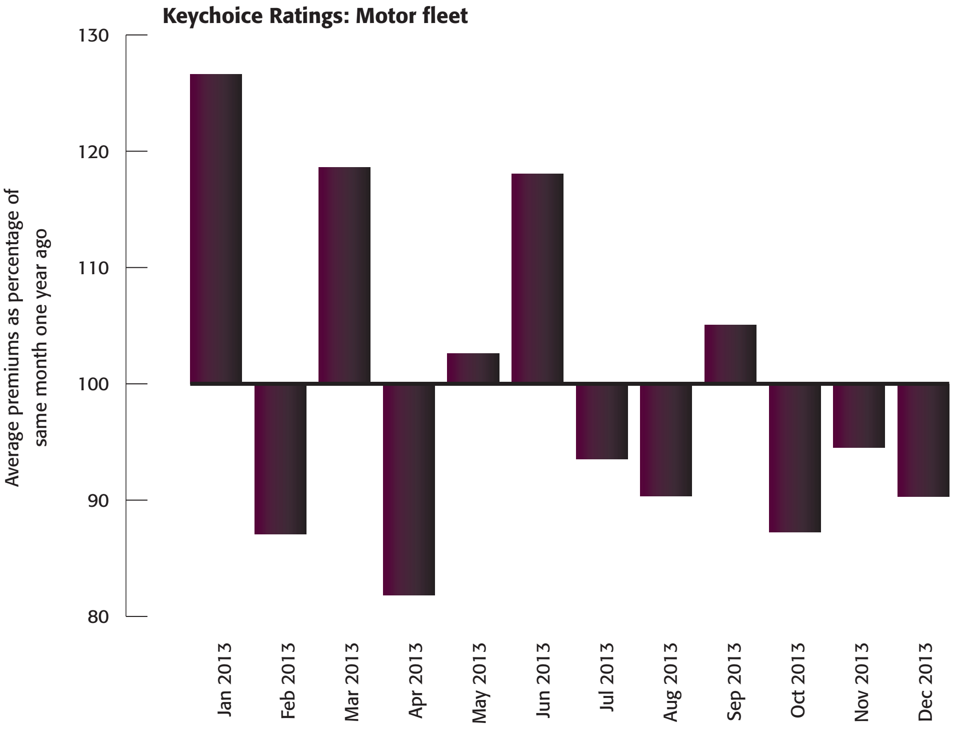
The motor fleet market has been home to some fairly dramatic occurrences in the last year. In August, Aviva came in for flak from brokers when the provider decided to reduce its exposure to some £100m of commercial fleet business, a figure which was subsequently denied by the provider's intermediary and partnerships director Phil Bayles.

At the time, an Aviva spokesperson told *Insurance Age*: "As those in the commercial motor market well understand, it is difficult to make a profit. Aviva, like other insurers, is monitoring the situation to see where and how we can improve performance.

"The commercial motor market is unprofitable and this is not a sustainable position. Rating levels need to rise across the whole market, as we indicated at our half-year results, we have achieved 9% rate increases in commercial motor for the first half of this year."

The spokesperson added that Aviva was "still very much committed to writing fleet business" – but clearly it is taking a more price-centric approach to the business. Whether one agrees with this or not, it is apparent that some action needs to be taken. While fleet rates seemed to give rise to optimism in the market at this point last year, it turned out to be misplaced. As the up-and-down nature of pricing over the past 12 months has shown, nothing can be taken for granted in 2014.

However, given that Aviva has taken that first step towards corrective action, perhaps cautious optimism might be on the cards over the next few months.



A.M. Best Company: Top 10 total commercial motor 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	86257	Royal & Sun Alliance Insurance	NR	RSA Insurance Group	642,856	-43,420	106.7	96.1
2	2	86524	Aviva Insurance	A [1]	Aviva	593,976	-45,502	106.7	81.5
3	3	86373	Allianz Insurance	NR	Allianz SE	335,514	59,330	80.5	63.7
4	4	85012	National Farmers Union Mutual Ins Soc	NR	National Farmers Union Mutual Ins Soc	297,871	-7,164	102.5	82.5
5	5	86126	QBE Insurance (Europe)	A	QBE Insurance Group	254,909	-23,666	N/A	N/A
6	6	92588	AXA Insurance UK	NR	AXA S.A.	240,253	-17,909	108.0	83.6
7	7	84154	Highway Insurance Company	NR	Liverpool Victoria Friendly Society	145,217	-5,405	104.7	80.2
8	9	87233	Ageas Insurance	NR	Ageas SA/NV	118,478	3,287	96.8	74.9
9	8	87648	UK Insurance	NR	Direct Line Insurance Group	97,276	35,848	62.0	25.3
10	10	84116	Tradex Insurance Company	NR	Tradex Insurance Holdings	96,138	-1,240	104.5	98.3

* Underwriting result excludes investment income. Note: 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 2012 for total commercial motor insurance business (reporting category 220). [1] Rating relates to AMB 78773 Aviva Insurance.
Ratings as of January 7, 2014. Source: A.M. Best's Financial Suite - Best's Statement File - UK