

THE STATS

● Motorbike insurance has not had a great year. A quick glance at the Keychoice premium ratings for the past 12 months shows that premiums did not once reach even the same level that they were one year previously. The average price in April 2013 was the closest it got to the 2012 level, at 97%.

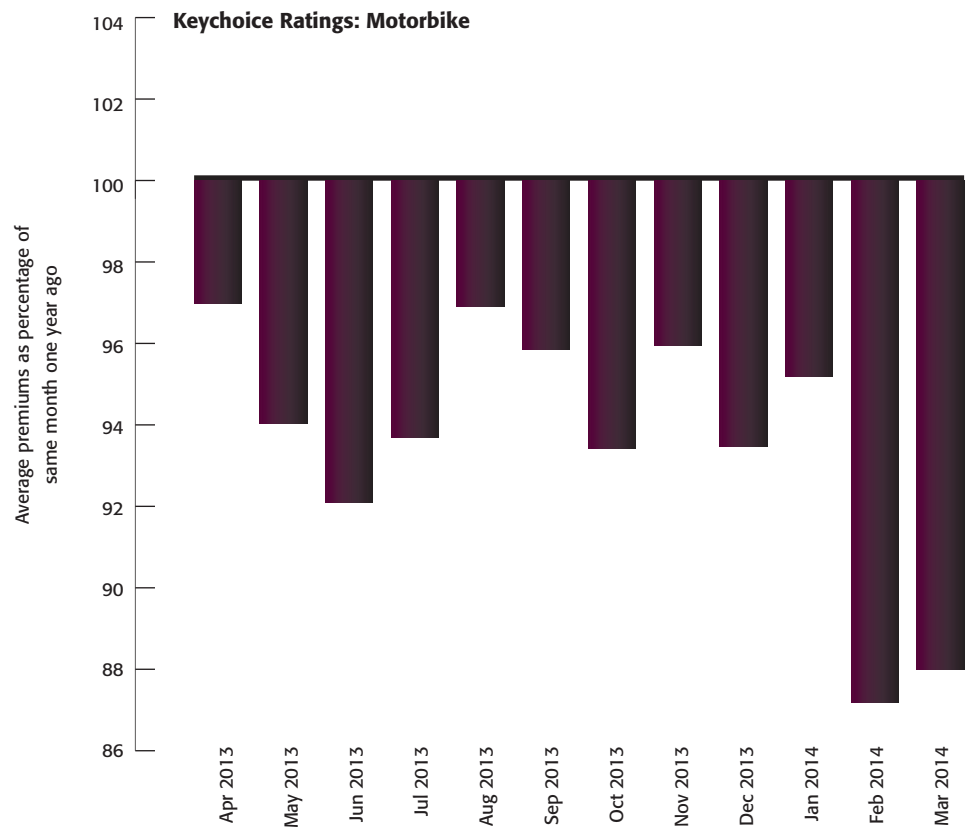
Things took a decided dip in the last few months. In February and March prices fell to 87% and 88% of their value of a year before.

This set of ratings is in stark contrast with the last time the stats section covered the motorbike market.

In April 2013, *Insurance Age* reported on a data set which showed that, in the 12 months leading up to that point, premiums had fallen below 100% of their 2011/2012 value in just two months – November and January. In all the other months they had been above 100%, even rising to over 115% of the previous year's price.

The motorbike market has shown a similar trend to the private car market, according to industry figures. Biking is something of a luxury for most, as opposed to ordinary drivers. Changes in the law have made it more difficult to get a motorbike licence, and as such it has become even more of restricted activity. With people viewing it as a niche market, brands were quick to spot an opportunity and jumped on board with their offerings with the result that prices were driven down.

The falling premiums are good news for customers of course, but bad for



brokers. A lot of business is being eaten up by the aggregators who are constantly advertising cheap deals. And the plain fact is that reduced prices make it much more difficult for brokers to make money out of motorbike business. As Sean Byrne of the

Policy Shop put it, when explaining why his firm had made the decision to quit the market: "Making any profit when you're looking at cost per acquisition of £40-50 on a £90 premium is very difficult, there's not much meat on the bone."

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

Rank 2013	Rank 2012	AMB	Company Name	Rating	Ultimate Parent	GWP (£000s)	Underwriting Result* (£000s)	Combined Ratio (%)	Loss Ratio (%)
1	1	87648	UK Insurance	NR	Direct Line Insurance Group	1355002	94117	94.3	62.2
2	2	86524	Aviva Insurance	A ¹	Aviva	1273573	-2718	100.9	81.0
3	3	87864	Liverpool Victoria Insurance Company	NR	Liverpool Victoria Friendly Society	787932	7731	102.5	80.2
4	4	86160	Great Lakes Reinsurance (UK)	A+	Munich Reinsurance	672625	-707	N/A	N/A
5	5	87233	Ageas Insurance	NR	Ageas	646639	16639	97.1	74.9
6	8	92588	Axa Insurance UK	NR	Axa	479813	-41374	112.3	86.4
7	7	86257	Royal & Sun Alliance Insurance	NR	RSA Insurance Group	479134	-45992	111.3	80.8
8	9	84803	Esure Insurance	NR	Esure Group	421345	26272	96.5	73.9
9	6	49268	Tesco Underwriting	NR	Tesco	372022	-6588	103.1	83.6
10	10	78186	CIS General Insurance ²	NR	Co-Operative Group	N/A	N/A	N/A	N/A

* 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 PRA return. Figures in above table are based on PRA returns of financial year 2013 for personal lines motor insurance business (reporting category 120). ¹ Rating relates to AMB# 78773 Aviva Insurance Limited. ² Data for 2013 is not yet available for CIS General Insurance Company Ltd which ranked no 10 based on 2012 data. Ratings as of April 11, 2014. Source: A.M. Best's Financial Suite - Best's Statement File - UK