THE STATS

● According to the latest Keychoice Ratings statistics it has been a strong 12 months for premiums in professional indemnity (PI). As the graph shows the market has been consistently above its levels of the year before, sometimes as much as over 35% up. The only blip came in June when average premiums dropped to 94% of the premium recorded in the same month of 2013.

Brokers *Insurance Age* spoke with could not account for the blip but, happily, apart from that solitary month, premiums – most likely driven by rates – have been moving forwards. The strongest month was last November, which saw a spike to 137%. The market remained strong until February when a three-month period of lower rises kicked in, but at least the signs were still positive. Passing over the blip in June, the positivity soon returned with average premiums in July coming in at 107% and both August and September showed further improvements indicating the market is not about to give back its gains.

September was one to highlight as PI premiums hit 121% of the previous year. It looks like a large leap, but with the solicitors' PI renewals occurring around this time it understandably impacts on the overall market.

Considering the years of a soft market, perhaps a rebound was to be expected? Charles Manchester, chief executive of Manchester Underwriting Management, commented: "Absolute premiums are also affected by increased levels of fees or turnover, and remember, we're in an economic recovery. The majority of the market has certainly increased pricing over 2013, but that 2013 pricing was at a 30-plus year low."

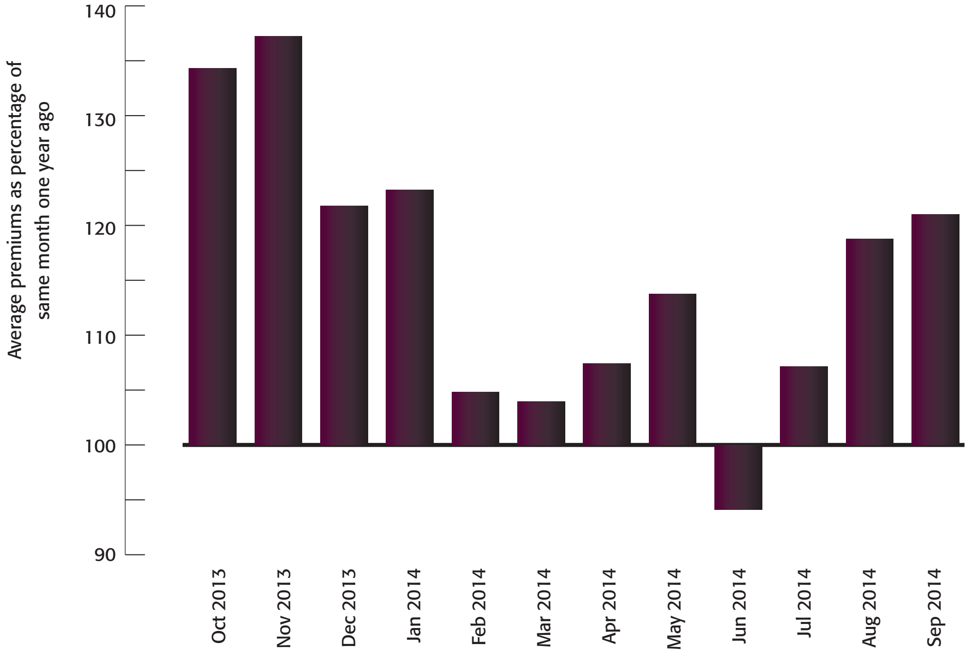
Looking ahead the picture is brightening. Deborah Reid, commercial director of Simply Business, which works with smaller scale companies, said rates were consistent and that she expected them to remain so.

Manchester said that he expected even greater things from the market. He blamed the low levels in 2013 on "irresponsible underwriting in recent years".

He concluded: "We are seeing some limited sanity return to the market and expect that to gain momentum as the chickens come home to roost. This means that we expect premiums to rise and some risks will see significant rises."

Keychoice Ratings: Professional indemnity

(Figures for new business and renewals only and not directly comparable with previous data)



A.M. Best Company: Top 10 total personal financial loss 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	90661	British Gas Insurance	NR	Centrica	1,036,459	71,993	92.6	54.6
2	2	86373	Allianz Insurance	NR	Allianz SE	398,128	30,719	90.7	66.5
3	3	87648	UK Insurance	NR	Direct Line Insurance Group	372,791	99,664	74.7	43.0
4	5	87319	Domestic and General Insurance	NR	Domestic & General Group	298,438	50,485	82.4	36.9
5	4	86257	Royal & Sun Alliance Insurance	NR	RSA Insurance Group	279,775	28,382	88.7	55.1
6	6	86524	Aviva Insurance	A (1)	Aviva	270,585	46,005	79.4	13.8
7	7	85812	Financial Insurance Company	NR	Genworth Financial	224,858	-23,124	134.3	33.2
8	8	87310	Das Legal Expenses Insurance Company	NR	Munich Reinsurance Company	168,067	2,416	99.6	51.3
9	34	87416	AIG Europe	A	American International Group	134,504	-24,313	97.8	67.7
10	9	87438	London General Insurance Company	A-	Onex Corporation	124,474	6,245	92.0	32.9

* Underwriting result excludes investment income. Figures in above table are based on PRA returns of financial year 2013 for total personal lines financial loss insurance business (reporting category 180). (1) Rating relates to AMB 78773 Aviva Insurance.
Ratings as of October 3, 2014. Source: A.M. Best's Financial Suite - Best's Statement File - UK